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ABSTRACT

This volume considers the central role of values inherent in fairness perceptions and offers new ways to view values related to fairness, as well as work-related values, their antecedents, and consequences. Values are important because they have been shown to predict preferences, attitudes, perceptions, and behavior in organizations. The first section of the book "Value-Based Theories in Organizations" addresses issues such as how to define, classify, and study values and how values and norms affect the way the people perceive or construe events. The chapters in this section are as follows: "When and Why are Values Important in Organizations?" (Maierhofer et al.); "Values and Deservingness in the Context of Organizations" (Feather); "Social Identity and Fairness Judgements" (Tyler, Blader); "Toward a Normative Model of Justice" (Leung, Tong). The second section "Impact and Applications of Values in Organizations" considers individual differences in values, the role of values in leadership, how values relate to passion, and the link between values and emotion. The chapters in this section are as follows: "The Importance of Money as an Individual Difference Attribute" (Mickel et al.); "Is Values-Based Leadership Ethical Leadership?" (Brown, Trevi□o); "Passion at Work: Toward a New Conceptualization" (Vallerand, Houlfort); "Emotional Displays and Social Identity: Emotional Investment in Organizations" (Jones et al.). Chapters contain substantial references. (MO)

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A VOLUME IN
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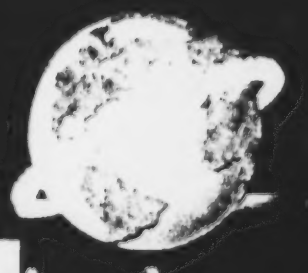

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A volume in
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PREFACE

Daniel P. Skarlicki, Stephen W. Gilliland, and Dirk D. Steiner

In previous volumes of Social Issues in Management, we focused on new theoretical and cultural directions of organizational justice research (Volume 1), and challenges in managing organizational justice (Volume 2). One of the themes that emerged from the second Round Table on Innovations in Organizational Justice, held in Vancouver in September of 2001, was that organizational justice research could benefit significantly from considering the central role of values inherent in fairness perceptions. By values we refer to higher-order evaluative standards associated with desirable means and ends of action (e.g., Rokeach, 1973). Values are important because they have been shown to predict preferences, attitudes, perceptions, and behavior in organizations. The values construct is also powerful concept because it can be meaningfully applied at the individual, group, and organizational levels of analysis. In response to a growing awareness among academics and practitioners of the importance of values in organizations, we therefore sought out papers relevant to understanding values that underlie fairness perceptions as well as papers that considered the general application of values in organizations.

The chapters in this volume offer new and innovative ways to view values related to fairness, as well as work-related values, their antecedents and consequences. All papers have been peer reviewed prior to their publication. This volume consists of two parts. The first part focuses on value-based theories in organizations. The papers in this section address issues

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such as how to define, classify and study values; how values influence fairness by influencing what people believe what they deserve; how one's own identity relates to fairness perceptions, and how values and norms affect the way that people perceive or construe events.

In the first chapter, Maierhofer, Rafferty and Kabanoff provide a definition of values, discuss why values are important, and address an issue not often addressed in research: when are values important in organizations? They provide a framework that incorporates two aspects of values: levels of analyses (individual, group, and organization) and temporal conditions when values are important (value acquisition, maintenance, and change). They review the literature to date and give special attention to these dimensions in top management teams.

In the second chapter, Feather proposes that judgments of deservingness, a concept that is highly central to fairness perceptions, are influenced by the values that people hold. Although other variables can also influence these judgments, values and their effects are a central part of the causal process. Feather outlines how values function to influence our perceptions of events and outcomes, with an emphasis on deservingness and the valences that individuals place on their values. He describes a structural model of deservingness that incorporates the effects of values and valences, and he describes a research program that has found considerable support for his deservingness model.

In Chapter 3, Tyler and Blader argue that the effects observed in justice research reflect the important role that social identity concerns play in organizational settings. In particular, people value and draw their identity more strongly from groups and organizations when they view those groups and organizations as being managed through fair procedures. In developing a group engagement model, Tyler and Blader propose that those individuals who more strongly identify with groups and organizations, in turn, develop more favorable attitudes and values, as well as engage in such things as cooperative behavior. The group engagement model advocates the view that procedural justice engenders a sense of social identification with the group, which in turn influences internal motivations and thus cooperation (especially discretionary cooperation) with the organization.

In the fourth chapter, Leung and Tong suggest that current models of procedural justice are not sufficient to account for some justice effects observed in the research. Specifically, current models do not account for: (1) why totally disinterested observers react strongly to observed injustice that has nothing to do with them, (2) drastic contextual variations in justice effects, and (3) why people want to act fairly in the first place. They propose a normative perspective to augment current models of procedural justice and to account for these justice phenomena. In this model, personal justice norms, which refer to justice norms that one endorses, are dis-

tinguished from social justice norms, which refer to perceived social consensus with regard to justice standards and principles. Leung and Tong propose that these two types of justice norms interact to affect justice judgments and behaviors.

Part Two focuses on the applications of value-based organizational research, and on the impact of values in organizations. Chapters in this section consider individual differences in values; the role of values in leadership; how values relate to passion; and the link between values and emotion.

The first chapter in this section argues that the value individuals place on money is an important individual difference that relates to attitudes and behavior in organizations. Mickel, Mitchell, Dakin, and Gray review the literature related to the importance of money and suggest that it is a multi-dimensional construct with one set of dimensions related to the level of activity and thought devoted to money, and the second set of dimensions related to the value attached to money. They present the Money Importance Scale (MIS) as a valid instrument that can be used to assess the monetary values and they share their results from studies of business students and entrepreneurs.

In the second chapter, Trevino and Brown examine values with respect to leadership and ask the question "Is value-based leadership ethical leadership?" They note that in much management writing these two concepts are used interchangeably. In answering this question, they argue that the two are distinct constructs with value-based leadership reflecting the communication and internalization of a set of values communicated by leaders. However, most theories of value-based leadership give little attention to the content of these values. Value-based leaders can be ethical or unethical. Ethical leadership, on the other hand, focuses on the content of values being communicated and addresses the moral complexities of competing values. Much insight comes from their discussion of the overlap and differences between these leadership constructs.

In the third chapter, Vallerand and Houlfort "turn up" the discussion from values to a discussion of passion. Thy present a new conceptualization of passion and show its applicability to the realm of work organizations. They define two types of passion: obsessive and harmonious. Obsessive passion refers to a controlled internalization of an activity in one's identity that creates an internal pressure to engage in the activity that the person likes. Harmonious passion, on the other hand, refers to an autonomous internalization that leads individuals to choose to engage in the activity that they like. They propose that harmonious passion promotes healthy adaptation whereas obsessive passion thwarts it by causing negative affect and rigid persistence. They provide some early evidence that supports their framework.

In the final chapter in this volume, Jones, Levesque, and Masuda explore the relationship between values and emotions. They review literature that demonstrates that emotions serve important signaling and communication functions, particularly with respect to motives and values. They present a model of emotive responding to value-laden organizational events, and examine emotive response from both signaling and inferring perspectives.

In conclusion, this volume contains a lot of new material and new theories on values in organizations. It is rich with new ideas and new directions for research and highlights many different ways in which values underlie important organizational events. We hope that you will find this volume an important source of research inspiration.

REFERENCE

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Part I

VALUE-BASED THEORIES IN ORGANIZATIONS

CHAPTER 1

WHEN AND WHY ARE VALUES IMPORTANT IN ORGANIZATIONS?

Naomi I. Maierhofer, Alannah E. Rafferty, and Boris Kabanoff

ABSTRACT

We propose a framework that categorizes values across different time periods in an organization's life and that also considers values at different levels of analysis. Specifically, we consider the role of values during periods of acquisition (when values are first acquired), maintenance (times when values remain relatively stable) and change (phases when values vary). Theoretical and empirical research addressing individual, group and organizational work values for each of these time periods is evaluated to answer the question of when and why values are important in organizations. This review process highlighted areas of research strengths and weakness. We conclude with a discussion of paradoxical propositions related to how different value configurations are useful at different stages in an organization's life.

INTRODUCTION

While attending a recent conference involving both academics and senior managers, we overheard one of our academic colleagues remark: " The

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only thing you can be sure of these days when you hear CEOs talk about their organizations is that they'll talk a lot about values and how important they are." If such comments and the breadth of where values are discussed, which spans both popular and academic literatures, can be taken as an indication of the importance of values in organizations, we could easily conclude that values are truly a central issue in organizations. Indeed, it seems safe to say that it is generally assumed that values are important but it is not often asked why values are important. In considering our answer to the question of why are values important in organizations, one of the first responses that occurred to us was that values might vary in their importance as a function of time. Consequently, we added *when* to the question of *why* values are important in organizations.

WHAT ARE VALUES?

The discussion of when and why values are important needs to be prefaced by another question: what are values? As this question has been posed and answered in detail elsewhere (e.g., Braithwaite & Scott, 1991; Connor & Becker, 1994; Maierhofer, Kabanoff, & Griffin, 2002; Meglino & Ravlin, 1998) we will keep our answer brief. However, it is important to consider what values are as there are a substantial number of multidimensional and multidisciplinary perspectives have been adopted when studying values.

Studying values is complex because authors have proposed a number of different definitions of the construct. Rokeach (1973, p. 5) provided the most commonly used definition of a value as ". . . an enduring belief that a specific mode of conduct or end-state of existence is personally or socially preferable to an opposite or converse mode of conduct or end-state of existence." In addition to definitional issues measurement problems abound in values research (Hechter, 1993). The multiplicity of value definitions is reflected in the diversity of methodological approaches adopted.

One of the major methodological distinctions when measuring values is the use of ipsative or normative assessment. Ipsative values measures require participants to make forced choices between values, while normative values measures utilize rating scales to assess each value separately. Conceptually, theorists who use ipsative measures argue that values exist in a hierarchy of relative importance to each individual (Ravlin & Meglino, 1989; Rokeach, 1973). In contrast, other researchers theorize that values can be held independently to each other (e.g., Kluckhohn, 1951), which facilitates the use of normative measurement.

Empirically, normative measures enable absolute comparisons between the values assessed, whereas ipsative measures are given a different ranking. Using ipsative measures, two values cannot be equally important to an

individual. The rationale for using ipsative measures is that in deciding a course of action individuals are often required to choose between two values. Ipsative measurement reflects an effort to mirror the way in which individuals use values in the real world. A limitation of ipsative measurement of values is the reduction in degrees of freedom in the data obtained.

A number of researchers have argued however that a benefit of normative measurement of values is that more sophisticated analytic techniques can be used (Hicks, 1970). Another advantage of using normative measures is the reduction in length of the measure compared to an ipsative scale. Normative measurement, in addition to allowing comparison between absolute values within an individual, enables comparisons of the strength of values across individuals (Ng, 1982) while ipsative measures only provide a ranking of values.

One issue with the normative measurement of values is that these measures often exhibit ceiling effects. This is a common problem when all of the values assessed are expected to be important to some extent to individuals and subject to social desirability bias (Meglino & Ravlin, 1998). This problem can be reduced by extending the positive end of the scale and reducing the lower end of the scale as recommended by Kristof (1996). However, even when this strategy is adopted there is generally still a negative skew toward all values being rated as extremely important.

Another important measurement issue that needs to be considered when examining values is that values vary in the breadth of their content. Values can be either specific or general in their focus (Maierhofer et al., 2002). Life or general values are the broadest category of values and can be applied in all settings. In comparison, work values are more focused in content, and pertain to work settings. General life values and more specific work values have been distinguished empirically (Elizur & Sagie, 1999), and both have been studied in management and I/O psychology research. The present chapter focuses on work values since these are more often of interest in organizational behavior research. Work values are interesting to organizational researchers because they are seen as central to understanding both the sources of economic efficiency of organizations and the perceived legitimacy of the demands made upon organizational members.

Another important issue that needs to be considered when studying values is the level of analysis adopted when studying values. Rokeach's (1973) definition of values takes an individual perspective on values, which is not surprising in view of the fact that he is a psychologist. However, theorists have suggested that constructs needs to considered at multiple levels of analysis (Capelli & Sherer, 1991; House, Rousseau & Thomas-Hunt, 1995).

The values construct is a powerful concept because it can be meaningfully applied at many levels of social analysis including cultural, societal, organizational, group and individual. While all these levels are important

and interesting in considering the question posed in this paper, we focus on values at three levels—including the individual, group, and organizational level.

The values construct is one of few that is truly isomorphic, with meaningful explanations of the values construct present at different levels in organizations. It is possible to value safety as an individual (I believe personal safety is important), as a group (there is a shared belief within the work unit that the safety of individuals is important) and as an organization (there is a general belief that personal safety is important in the workplace).

In terms of the attention devoted to values at different levels of analysis, individual values have received the greatest attention among researchers with a psychological background. The values of key members in organizations, such as managers and CEOs are often of interest due to the power the holders of such positions possess (e.g., Hofstede, 1998).

The next level "up" in organizations is the group level. Group values are conceptualized as a property of the group, rather than of the individual group members. That is, group values are usually considered as more than an aggregate of the individual values of group members . Hence, group values are conceptually distinct from individuals' values.

Organizational values are values that are shared to some extent across a firm. At this level, values are often considered in the context of organizational culture (e.g., Schein, 1990). Organizational culture and values have been popular in management literature since the early 80s (e.g., Deal & Kennedy, 1983). Despite the definition of organizational values as a characteristic of the organization, the management literature often equates the values of company executives as the values of the organization. As previously mentioned, the values of senior members of the organization have a significant impact on the practices and structure of the organization, but this does not necessarily translate into a shared belief in the same values by other members of the organization (Hofstede, 1998).

The aim of this paper is to explore when and why values are important at each of the three levels of analysis discussed above. Each level will be considered separately. It should be noted that the interaction between levels is an important issue in its own right but for the sake of brevity our discussion won't extend into the interaction of values at different levels of analysis.

THE WHEN

Values can be considered in three temporal conditions. The first condition we consider is the acquisition of values by individuals, groups, and

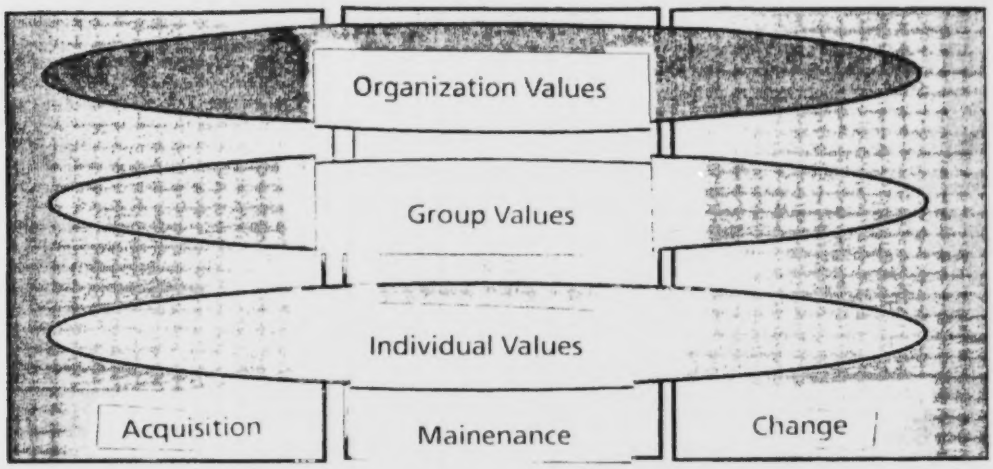

Figure 1.1. Framework for considering when and why values are important in organizations

organizations. While Schneider's well-known Attraction-Selection-Attrition (ASA) (Schneider, 1987; Schneider, Smith & Goldstein, 2000) framework assumes individuals have important work values before they enter an organization, socialization research suggests entry into an organization represents an important period for individual value acquisition.

The second condition we consider is the period during which values are maintained. The maintenance of values occurs during periods that Tushman and Romanelli (1985) refer to as organizational evolution, or periods of time during which there is a stable cultural and strategic framework that guides behavior in a firm. The final condition that we address in this chapter is periods of organizational change, or periods of time when aspects of an organization are in transition. We review research on the role of values in all three conditions, although some areas have received more attention than others in the theoretical and empirical literature.

The framework above (Figure 1.1) depicts the nine "conditions" formed by the intersections of values at three levels of analysis (individual, group, and organization) with the three temporal conditions (acquisition, maintenance, and change). First, we consider individual values during acquisition, maintenance, and change. Next, we consider group values during acquisition, maintenance, and change. Finally, we consider organizational values during periods of acquisition, maintenance, and change. This framework helps to orient our exploration of when and why values are important in organizations.

Most of the values research has been conducted in organizations during periods of value maintenance or organizational stability. In contrast, authors have not devoted a great deal of attention to examining the role of values in periods of change.

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INDIVIDUAL VALUES

Acquisition

Individuals' values are important during entry and socialization into an organization as they influence the work values that subsequently develop (Bauer, Morrison, & Callister, 1998). As such, work values are already formed prior to entering the workforce. Initial exposure to work values is through one's family via the messages parents send to children about the importance of work during their childhood. Children learn about economic constructs (getting paid and power in employment relationships) mainly from their parents and at the same time develop values and beliefs about work (Kelloway & Harvey, 1999). For more on the concept of money as an individual difference attribute see the chapter by Mickel, Mitchell, Dakin, and Gray in this volume.

Rokeach (1973) states that values are acquired in an all or nothing fashion. For example, we are taught to be honest all the time, not just some of the time. While learning values in an all-or-nothing manner as children, we are forced to make value choices when we are exposed to complicated, ambiguous social situations where more than one value may apply. For example, individuals may confront a situation where they need to decide whether they should mention their colleagues' gambling at work over the net, or whether their loyalty to their colleagues is more important. Through experiencing such dilemmas we develop a value hierarchy. Although they may not be well defined or implemented, the basic underlying structure of these values exists before people are exposed to work contexts. Additional influences on the acquisition of work values are through reading, conversation with peers, observation of others, and actually participating in work activities.

Bauer et al. (1998) conducted a review of the socialization literature and concluded that researchers have begun to focus on how newcomers influence the socialization process. In particular, these authors argued that new organizational members enter a firm with a set of dispositions, values, experiences, and skills that influence the socialization process. Specifically, individual differences may influence people's initial orientation to the firm and may also influence how other people respond to the newcomer. In addition, individuals' characteristics may affect newcomers' motivation to be socialized. For example, Chatman (1991) reported that socialization processes are facilitated to the extent that newcomers' values are similar to those of the organization. Value similarity at entry was significantly associated with satisfaction and turnover intentions one year later.

Van Maanen and Schein (1979) suggest that new organizational members bring with them at least the potential for change in an organization's culture. They may, for example, question old assumptions about how work is done, be ignorant of conventions that guide interpersonal interactions in the firm, or fail to appreciate the organizational mandate shared by the experienced members of the firm.

An individual's anxiety and vulnerability to organizational socialization processes are likely to be highest when they first enter a firm (Bauer et al., 1998; Van Maanen & Schein, 1979). Harrison and Carroll (1991) suggested that organizations could manage the socialization process to intensify the enculturation of employees, so as to ensure that the values of individuals align with those of the organization. Van Maanen and Schein identified a range of tactics that firms use in order to ensure that new organizational members take on the values, norms, and assumptions that guide behavior in that particular setting.

In summary, individuals' values influence the work values that people are likely to develop. Research indicates that individuals' anxiety and vulnerability to organizational socialization processes are likely to be highest when they first enter a firm. As a result, organizational entry represents a time period in which a firm can influence the work values that individuals develop, and the degree to which new members endorse the values of the firm. If a firm does not manage the socialization process so that new members adopt an organization's values and culture, then this is likely to affect the strength of the culture and increase value diversity within the organization.

Maintenance

Values are important because they influence people's behavior in an ongoing, consistent fashion. Authors have examined the influence of people's values on task performance behaviors or, more broadly, work-role effectiveness. The theoretical link between an individual's values and their behavior (e.g., between altruism and helping behavior) is fundamental to the study of values in organizations. Whether work values actually influence organizational behaviors however is not so clear. Rokeach (1973) stated that individual values serve as a guide to a person's intentions and actions. Similarly, Kluckhohn (1951) refers to the influence of values on the selection of means, modes, and ends of action. However, while there are some sound conceptual reasons for believing that work values do influence organizational behavior, there is a shortage of empirical evidence.

Although the association between values and behavior is of clear theoretical and practical importance, little is known about the causality of the relationship. A number of issues have been identified as contributing to

the difficulty in clearly establishing the link between values and behavior. Specifically, this link has been difficult to establish because values are only one of many potential influences on behavior (Fishbein & Azjen, 1975).

The accurate prediction of behavior involves consideration of a range of individual and contextual factors that may shape the effect of values on behavioral decision-making. For example, the degree of control a person has over their behavior, or whether the behavior is performed in public or private, may inhibit people from acting in accordance with their values. In addition, certain types of values are more proximal determinants of behavior than others. Values that are intrinsic to effective or adaptive behavior hold more power than values that relate to more peripheral aspects of social life. For example, functional values related to goals and styles of conduct, such as the value of cooperation, are more likely to guide employees' behavior than elitist values, which are concerned with status and superiority, such as the value of coming first. Finally, the use of direct behavioral measures in organizational research is generally deficient, thus contributing to the difficulty in finding value-behavior links.

Most previous work on values in organizations has been based on the assumption that people tend to behave in a manner that is consistent with the values they hold. Although broad generalizations about the value-behavior link are intuitively appealing and in line with theoretical models of behavioral decision-making, empirical support for such assumptions is lacking. The implicit assumption that the link exists has tended to preclude the need for testing. Circular reasoning is often applied when conceptualizing the relationship between values and behavior-instances of behavior are cited as evidence for the existence of particular underlying values, and vice versa.

A variety of methodological concerns have also characterized work examining the link between values and performance. One area that requires particular attention is the development of more objective measures of performance in organizational research. Most prior measures of behavior have been self-report in nature (for exceptions, see Goodman & Svyantek, 1999; Maierhofer & Griffin, 2001; McNeely & Meglino, 1994), and thus, have been subject to concerns such as social desirability, cognitive consistency, and common method effects. In attitude-behavior research, consistency and specificity in the measurement of attitudes and behavior contribute to a higher level of association between two constructs (Azjen, 1991; Azjen & Madden, 1986). Similar improvements in the way in which values and behavior are measured in organizations should have the same positive implications for value-behavior relations.

As well as influencing behavior, there is evidence that values also impact people's affective states. The notion that values have affective implications reflects the central role that values play in how people define

themselves. Changes or threats to one's values are met with strong affective reactions because they also represent changes or threats to one's self-concept.

Research examining the link between values and affective responses in the workplace has produced mixed results (e.g., Meglino & Ravlin, 1998). The methodological limitations of research linking values and behavioral outcomes can also be leveled at research that has examined the link between values and affective responses in the workplace. The notion of values as a dispositional characteristic of the individual that can influence how they perceived and interpret a situation therefore warrants further consideration.

In summary, theoretical arguments suggest that values are important because they influence people's behavior in an ongoing, and consistent fashion. Some empirical evidence suggests that individuals' values do influence their performance and affective reactions in the workplace. However, a number of methodological problems have impeded empirical research in this area indicating that there is a need for further attention to the role of individuals' values during periods of relative organizational stability.

Change

Research suggests that individuals play an important role in implementing and supporting organizational change processes (e.g., Weldon, 2000). Individuals must be able to adapt to their work environment by defining correct and incorrect behaviors, detecting the environment's response to their behaviors, inferring the need for change, and selecting the appropriate actions when enacting change (Howell & Higgins, 1990; Morrison & Phelps, 1999; Porras & Robertson, 1992). Despite this, research has adopted a limited perspective as to the role of individuals in change processes.

Authors have focused on the impact of change on individuals, and the factors that affect individuals' response to organizational change (Scheck & Kinicki, 2000; Shaw, Thacker & Fisher, 1993; Terry & Callan, 1997). This work has utilized Lazarus and Folkman's (1984) cognitive-phenomenological model of stress and coping, which proposes that how individuals will adjust to organizational change depends on characteristics of the situation, employees' appraisals of a change, coping strategies and the extent to which individuals have access to personal resources. However, researchers have not considered the influence that individuals' values have on the way in which people perceive change, and their responses to change. We next focus on some current theories about the content of individual values and consider their implications for how values influence people's response to change.

A number of different typologies have been proposed to account for the content of individuals' values (e.g., Wiener, 1988; Schwartz, 1992). According to Schwartz values are structured around four higher order value types that form two basic, bipolar dimensions. The first dimension combines stimulation and self-direction values in opposition to security, conformity, and tradition values. This dimension was labeled openness to change versus conservatism. The second dimension combined power, achievement, and hedonism values in opposition to universalism and benevolence. This dimension was called self-enhancement versus self-transcendence.

The first dimension is of particular relevance in this chapter, and will be examined in further detail. The openness to change dimension consists of self-direction values, which encompass independent thought and action, as well as creativity, and exploration and stimulation values, which involves excitement, novelty and challenge in life. It seems reasonable to hypothesize that individuals who endorse self-direction and stimulation are likely to respond positively to change and are also more likely to initiate change than individuals who endorse security, conformity and tradition.

Research indicates that the attractiveness of alternative courses of action is related to value types. Feather (1995) reported that individuals' values affected the way that people construed a situation, so that some objects, activities and potential outcomes were seen as more attractive than others. Howell and Higgins (1990) examined the personality characteristics, leadership behaviors, and influence tactics of individuals they called innovation champions. These individuals emerge informally in an organization, and actively and enthusiastically promote innovation. In a sample of technology firms, Howell and Higgins found that champions manifested a higher risk-taking propensity and innovativeness than a sample of carefully matched non-champions. These findings provide some support for the contention that individuals who endorse self-direction and stimulation values are more likely to have a more positive attitude to change, find change attractive, and implement change themselves.

Acknowledging that individuals' values are likely to influence people's reactions to, and propensity to initiate change has a number of implications for research. Individuals' values may be seen as constituting a personal coping resource when people are confronted with change. Coping resources refer to personality, attitudinal, and cognitive factors that provide the psychological context for coping. In the past, theorists have focused on constructs such as self-efficacy, personal control, self-esteem, and tolerance of ambiguity as coping resources (e.g., Ashford, 1988). However, based on the above evidence we propose that people's values may also act as a coping resource that influences their reactions to, and propensity to implement change. Examination of the influence of individuals' values on their views and responses to change is a clear area for future research.

Another issue that is relevant in times of organizational change is individual-organizational value congruence. Boxx, Odom, and Dunn (1991) examined the influence of congruence between individuals' perceptions of their organization's values and their ideal preference regarding these values. Respondents who worked in an environment where their values fit the organizational value system were more satisfied and reported greater commitment to the organization than respondents who perceived poor value congruence.

It seems reasonable to hypothesize that individual-value congruence is also of importance in a changing environment. Some empirical evidence supports this proposition. Harris and Mossholder assessed individual-culture congruence six months after a new CEO was appointed. The organization was in the midst of a cultural change from a conservative, risk-averse, and insular culture to an aggressive, and innovative culture that was responsive to market forces. Employees reported that the traditional emphasis in the organization on values associated with affiliation and concern for people had diminished, while the traditional emphasis on hierarchical values was in the early stages of reduction. In addition, employees indicated that the organization was more concerned with innovation and risk-taking, and was more competitive and goal-oriented than in the past. Findings revealed that greater congruence on values associated with affiliation and concern for people was positively associated with affective outcomes including job satisfaction, job involvement, organizational commitment, and with reduced turnover intentions. This study clearly suggests that when changes in an organization's value system are proposed that are perceived to move the firm away from a perceived ideal state, individuals experience negative affective reactions and are not likely to support organizational change efforts.

In summary, research suggests that individual's values are likely to influence their reactions to change, and their propensity to initiate change. In addition, if individual and organizational value congruence decreases due to change, then affective reactions and withdrawal behaviors are negatively influenced.

GROUP VALUES

Within organizations, work is often arranged with individuals interacting in work groups, teams, or work units. These groups require people to work together on the same task or to contribute to different parts of a larger task. During group formation, groups reach the stage of having collective values. Once established these values influence what is deemed as important by the group, the group's activities, and individuals' fit to the group.

Acquisition

A group first acquires values in the formation stages when members are introduced into the group configuration. Values are generated through social interaction amongst group members. Although each individual enters the group with their own system of beliefs and values, taking on a group identity creates a shared social reality in which particular beliefs and values become definitive of the group, and what it means to be a group member. The development of shared values is an integral part of the group formation process. Group values are incorporated into the self-concept to the extent that individuals feel a sense of belonging to the group. Jones, Levesque and Masuda examine social identity in the workplace in more depth in this volume.

Similarly to acquisition of individual values, the reason group values are important during acquisition is their malleability or plasticity. Brockner (1983) defined plasticity as susceptibility to external influences, and particularly to social forms of influence. Group values are most susceptible to influence during acquisition. Once values have been established, they are more resistant to change. Given the potential impact group values can have on the dynamism of the group, it is much easier to develop desired values than to change established values.

The level of association between individuals' values and the values of the group to which they belong, changes throughout the life span of the group. During the initial stages of group formation, individual and group values may substantially differ, reflecting the different background and socialization experiences of individual group members. As groups mature, their values become more clearly defined and interconnected with the fabric of group life.

Group socialization processes function to increase individuals' commitment to the group, and the cohesiveness of the group as a whole. Part of belonging to a cohesive group and contributing to group functioning involves internalizing the attributes of the group-thus, individuals become motivated to assimilate their own values with the values of important and cohesive groups.

In summary, group values are important during acquisition. Specifically, group values are most easily influenced when groups are first forming, or when a number of new members enter a work group.

Maintenance

After group values have been acquired and are relatively stable, values serve a number of important functions for the group. A key aspect of

group values is the nature of the values held. Value content refers to the specific types of values that characterize groups. Little research has explored the influence of group value content on group outcomes of any sort. One recent exception is the work of Jehn, Chadwick, and Thatcher (1997) who conducted a quasi-experimental study of 88 groups that worked as consulting teams for various organizations over a fourteen-week period. The values of the team members were assessed before groups were randomly formed. Results indicated that group value content did influence group outcomes. In particular, detail and outcome value orientations increased objective performance, while outcome, decisiveness, and stability value orientations increased group ratings of their own performance. Decisiveness and supportiveness orientations influenced satisfaction.

Jehn, Northcroft, and Neale (1999, p. 288) also examined group value congruence, which they defined as the "degree to which all members of the group agree on values about group processes and group work." Group members that share similar values agree about group actions including goals, tasks, and procedures. Jehn, Northcraft, and Neale found that value diversity negatively impacted on team effectiveness and team morale. For example, informational diversity had a greater benefit on perceived group performance when value diversity was low. Value diversity also decreased satisfaction, intent to remain, and commitment. Jehn and his colleagues concluded that value diversity had a greater impact on work group outcomes such as performance than informational or social diversity.

An important feature of group values is that they are, by definition, shared. Shared values enable people to predict each other's behavior and give people clearer role expectations, and also provide the ability to anticipate a coworker's behavior allowing employees to interact more efficiently. In addition, it has been contended that people who share similar values also have similar cognitive processes. This reduces uncertainty, stimulus overload and other negative features of work interactions producing agreement on the interpretation of environmental events and an effective communication system (Schall, 1983; Schein, 1985).

In summary, during periods of relative organizational stability, group value congruence produces positive affective and performance outcomes for employees and for the firm as a whole. Empirical research suggests that certain group values are associated with enhanced performance and satisfaction. In addition, the very existence of shared group values aids communication, reduces uncertainty, and enhances team interaction.

Change

The role of work groups in implementing or responding to change has not received a great deal of attention. One exception is research on work group innovation, which has been defined as the "emergence, import, or imposition of new ideas which are pursued toward implementation by the group through interpersonal discussions and successive remouldings of the original proposal over time" (Anderson 1989, cited in King & Anderson, 1990, p. 82). Research into factors that impede or facilitate work group innovation has concentrated on group cohesiveness (Anderson & King, 1993; West, 1990). Although West and Anderson (1992) suggested that the innovations adopted by top management teams in British hospitals reflected the values of those teams, a systematic analysis of the effects of work group values on the propensity to implement change has not been conducted. Below, we explore how group values might influence groups' reactions to, and propensity to initiate change.

While research has not explored whether group values influence work group change, it seems reasonable to hypothesize that groups that endorse certain values will more easily implement change, and be more comfortable when responding to change than groups that endorse other values. Mohrman (1990) compared work groups that were struggling to successfully implement organizational change with those that were successful. She found that the members of successful work groups, or "accelerated learning units," were more positive about the outcomes they were experiencing as a result of changes and felt the changes were in their best interests and in the best interests of the company. These findings indicate that some groups find it easier to adopt change than other groups, and seem to have the capacity to reinterpret organizational-wide change as beneficial to their own work group.

Although Mohrman (1999) did not look at group values, it seems reasonable to hypothesize that accelerated units are characterized by consensus on group values such as innovation, outcome orientation, and achievement orientation, making the work unit receptive to organizational change. These value orientations involve specific values such as innovative, willing to experiment, being results oriented, and being aggressive and quick to take advantage of opportunities. When work groups endorse such values it is likely that they will implement change more frequently, and will introduce more radical changes in response to environmental contingencies than a group that is characterized by a stability value orientation. This suggests that an area for future research is determining whether the content of group values do in fact influence the ease with which work groups respond to change.

In their research on group value congruence, Jehn and colleagues (1997, 1999) stated that if group members are to engage in the difficult processes that lead to innovative performance, group members must have high value congruence. Applying these findings during times of change, it is hypothesized that, assuming appropriate value content, value congruence influences the likelihood that a group will successfully implement change. When group members have high value congruence they will most likely agree as to when change is needed, will have a shared understanding of how best to implement change, and express a high commitment to the decision to implement change. As a result, members will work harder to ensure the success of change efforts, feel more positively inclined toward those efforts, and communicate more efficiently among themselves during change implementation.

An interesting issue for future research is whether environmental contingencies such as the degree of environmental uncertainty moderate the relationship between value congruence and whether change is viewed positively and implemented effectively. It may be that in times of high environmental uncertainty there is a stronger relationship between value congruence and the effective implementation of work group change because of the increased benefits of group solidarity, commitment and good communication under such conditions.

In summary, group values are likely to be important during periods of organizational change. Group value content is likely to affect group attitudes to change, and the ease with which they implement change. Specifically, groups that endorse innovative and experimental values are likely to have more positive views toward change. In addition, assuming appropriate value content it is suggested that high group value congruence increases the ease of change implementation, as group members will agree that change is needed, and how to implement change.

ORGANIZATIONAL VALUES

The final section of this chapter examines the role of organizational values during acquisition, maintenance, and change. Three aspects of organizational values are considered: the content of an organization's value system, the strength of that value system, and the extent of individual-organizational value fit.

Acquisition

When members of an organization share a number of pivotal values concerning behavior across units and levels, a central value system is said to exist. Authors have generally discussed this issue under the rubric of organizational culture. Rousseau (1990) defined organizational culture as a set of cognitions including values, common understandings and patterns of beliefs and expectations that are shared by all or many members of a social unit, and are acquired through social learning and socialization processes. It is interesting to note that this definition assumes that values are learned after a person joins an organization and this may be the case for values that are unique to a single organization. However it seems likely that, in accord with Schneider's ASA framework mentioned earlier, central processes in culture creation and transmission involve differential attraction, selection and attrition of people whose values are congruent with an organization.

Van Maanen and Schein (1979) identified a range of tactics that are used by firms to socialize new organizational members so as to ensure that individuals acquire the social knowledge and skills necessary to operate effectively in a given organization. The socialization process may appear in many different forms, ranging from a quick and relatively simple trial-and-error process to a much more advanced process requiring a lengthy period of education followed by an apprenticeship.

Schein (1985) stated that from the point of view of the organization, three socialization outcomes could be specified for firms. A custodial orientation results in total conformity to all norms and learning of all assumptions. Creative individualism occurs when new organizational members learn all of the central and pivotal assumptions of the culture but reject all the peripheral ones. This approach permits individuals to be creative with respect to how the organization's tasks are performed. Rebellion occurs when a new member rejects all the assumptions of an organization. If a rebellious individual does not leave the organization due to external constraints, then this individual will cause dissent within a firm.

The socialization strategies adopted by an organization will result in very different consequences. Schein (1985) argued that a custodial orientation is most likely to develop if a firm uses formal, self-reconstructing, serial, sequential, variable, and tournament-like socialization tactics. This process does raise some ethical concerns, which are discussed in the chapter by Treviño and Brown in this volume.

Whether an organization influences the values of staff through attracting people with similar values to those held in the organization, or influences a newcomer's values through socialization strategies, organizational values are more malleable during the period of acquisition. Keeping check of the values instigated when founding an organization is a key step in

ensuring the desired values are in place for periods of maintenance, when they will be less easy to modify. In addition, it is clearly important to consider the socialization tactics that are adopted in the organization so as to manage the extent to which newcomers adopt a firm's values.

In summary, during the formation of an organization the values of the firm are established. The importance of values in this phase of organizational life is that they form the foundation of the values that will be enduring and more difficult to influence once embedded in the organization.

Maintenance

During periods of maintenance the content of an organization's culture has a substantial impact on individuals' affective and behavioral reactions. In particular, cultures characterized as people-oriented, supportive, and personal have been associated with positive affective outcomes including job satisfaction, commitment, and have been found to decrease turnover rates (e.g., O'Reilly, Chatman, & Caldwell, 1991; Sheridan, 1992) reported that new employees voluntarily stayed 14 months longer in cultures emphasizing interpersonal relationship values than in the cultures emphasizing work task values.

A number of studies have examined the implications of individual congruence with organizational values (e.g., Boxx et al., 1991; Shockley-Zalabak & Morley, 1989). Greater value congruence between an employee and their organization has been linked to positive affective responses (Cable & Judge, 1996; Chatman, 1991; Harris & Mossholder, 1996; O'Reilly et al., 1991), turnover (Chatman, 1991; O'Reilly et al., 1991; Vandenberghe, 1999) and individual performance (Goodman & Svyankek, 1999). Boxx et al. (1991) examined the influence of congruence between individuals' perceptions of organization values and their ideal preference regarding these values. Respondents who worked in an environment where their values fit the organizational value system were more satisfied and reported greater commitment to the organization than respondents who perceived poor value congruence.

Organizational values span a continuum from weak, in which key values are not broadly or intensely shared by members (Wiener, 1988), to strong, where values are strongly shared by members. The strength of a value system is influenced by the degree to which members agree with the system as a whole (the system's intensity) and the number of members sharing the central values (the breadth of the system). Researchers have argued that strong cultures provide individuals with a sense of success and fulfilment and a regard for organizational objectives (e.g., Shockley-Zalabak & Morley, 1989). Other authors have emphasized that strong cultures act as an

alternative for formal structure (Harrison & Carroll, 1991). Research linking organizational values and performance indicators is scarce, in part due to the methodological and practical complications in conducting multiple organization studies (Maierhofer et al., 2002).

Authors have displayed a great deal of interest in the importance of organizational values in improving performance in periods of relative stability. In particular, theorists have argued that a strong organizational culture results in enhanced performance, and provides a guide for action for organizational members. In addition, empirical evidence indicates that the content of an organization's culture has a substantial affect on individuals' affective and behavioral reactions. Cultures that are people-oriented and supportive are associated with positive affective outcomes. Individual-culture congruence is also associated with increased satisfaction and commitment, compared to individuals who report poor value congruence.

Change

A number of characteristics of an organization's value system are likely to influence the success of an organization's change efforts (e.g., Gagliardi, 1986; O'Reilly et al., 1991; Schein, 1985; Wiener, 1988). The content of an organization's value system (e.g., Gagliardi, 1986; Wiener, 1988) is examined first. The content of an organization's value system is of critical importance during organizational change as the types of values predominant in a firm influence the likelihood that change will be viewed positively. For example, Wilkins and Dyer (1988) state that different types of values influence the availability and attractiveness of other ways of being, the level of commitment to the current values, and the fluidity or persistence of the current system. These three factors influence the extent to which an organization's value system is resistant to change, with the fluidity of the current culture having the greatest impact on resistance to change.

"Fluid" cultures value and encourage adaptability and development, self-monitoring of performance and behavior, produce less commitment to existing values and an increased awareness of alternate values (Wilkins & Dyer, 1988). The "fluid" culture of Wilkins and Dyer resembles Lundberg's (1985) classification of organizational culture as either stability-oriented (homeostatic) or change-oriented (morphogenic). Fluid cultures are morphogenic while cultures concerned with stability are homeostatic. Regardless of the terminology adopted, organizations that value adaptability and development embrace change more than stability oriented cultures.

Adopting a different perspective, Gagliardi (1986) proposed that the likelihood of achieving change is dependent on the relationship between the existing organizational value system and the values addressed by a pro-

posed change. When new values are antagonistic to, or are perceived to be the opposite of old values, then change is not likely to occur. For example, in an organization where independence is valued, a cultural change effort that seeks to increase hierarchical decision-making is antagonistic to previous values, and a cultural revolution will be needed in order to bring about change. Gagliardi suggests that a cultural revolution requires new leadership and an influx of new personnel, and is a very difficult process. In contrast, new values may be simply different rather than opposed to those in the old value system. In such cases, cultural change may require that the existing value base be broadened. However, even in this situation, where traditional values can still be adhered to while integrating new values, change is still difficult to manage. This is because organizational values do not exist side by side. Rather, they are stratified hierarchically so as to prevent conflict. Gagliardi emphasizes that when cultural change is implemented, and the new values are different to the existing value system, it is important that the hierarchy of the broadened value system is clearly established if change is to occur without creating confusion and conflict.

Individual-organizational culture congruence is also of importance in a changing environment. As discussed earlier, Harris and Mossholder (1996) assessed individual-culture congruence six months after a new CEO was appointed. These authors reported that greater congruence on values associated with affiliation and concern for people were positively associated with affective outcomes including job satisfaction, job involvement, organizational commitment, and reduced turnover intentions. This study clearly suggests that when changes in an organization's value system are proposed that are perceived to move the organization away from an ideal state then individuals experience negative affective reactions and are not likely to support organizational change efforts.

The strength of an organization's culture is likely to affect the likelihood of successful change to a firm's values. Gagliardi (1986) argued that organizations with strong cultures conduct more complete, and rapid searches for alternatives ways of acting to preserve the firm's identity when traditional values are challenged. As a result, it will be more difficult to bring about cultural change in a strong culture.

Research has also addressed the presence of subcultures within an organization. Although culture is a potent force it does not fully dominate thought and action because human agents comment critically on their situation and may choose to abstain or act otherwise than cultural norms would indicate (Heradeous, 2001). Thus, there is a potential for multiple and even competing subcultures in organizations, and empirical findings suggest that subcultures do exist within organizations (e.g., Jermier, Slocum, Fry, & Gounes, 1991; Lucas, 1997; Sackmann, 1992). Jermier and his colleagues, examined the official organizational culture of a police

department and its subcultures. Groups within the organization developed their own values, assumptions, and interpretations, and even their own perspectives on the organization's mission and appropriate patterns of conduct. Subcultures emerged around issues such as subunit assignment, rank, shift, and organizational commitment.

When attempting to implement change, the diversity of subcultures needs to be taken into account. When multiple subcultures exist this means that any modifications to an organization's value system will be differentially received by the various subcultures, and that different strategies and techniques will need to be adopted to bring about change in these different groups. Other authors have argued that awareness of an organization's subcultures increases the ability of managers to implement organizational change because of an increased awareness of the impact of change on individuals (Bennett, Fadil, & Greenwood, 1994; Potter, 1990).

In summary, the content of the existing value system influences the attractiveness of change in that existing values are compared to the values implied by a change. The difference or similarity of values implied by the change affects the likelihood that individuals will feel positive about changing. Cultural strength also influences the likelihood of change, with strong cultures being more difficult to change than weaker cultures. In addition, organizations that possess many subcultures will be more difficult to change as broader and more diverse change strategies will be required to take account of the subcultures.

CONCLUSION

Our chapter began with the observation that while both CEOs and academics agree on the importance of values to organizations there have been few attempts to ask, let alone answer, two rather straightforward questions: when and why are values important in organizations? In seeking to answer these questions we emphasized two central aspects of the values construct, one traditional, one novel.

The first "traditional" aspect of the values concept is that it is one of the few social science concepts that can be meaningfully applied to all levels of social analysis from individuals to entire cultures. While we concentrated on "just" three levels—the individual, group or team and organization, and we did not explore cross-level links or interactions. The ability of the values concept to apply across many levels of organizations provides part of the answer to why values are important. Our novel contribution here is to point out that values can also be seen to have an important "temporal" or "longitudinal" quality. By longitudinal we do not mean simply that values can be measured and compared over time, for so can many other social sci-

ence constructs, but rather that values can be used to conceptualize the "lives" or "life cycles" of individuals, groups and organizations, or more specifically the processes characterizing these life cycles.

We identified three important value stages or phases in the "lives" of individuals (as members of organizations), groups, and organizations—acquisition, maintenance and change. When viewed from this processual-temporal perspective there are a number of conclusions that we can draw about existing values research related to organizations as well as some implications for future research.

First, the temporal-processual element we have identified here as a central aspect of the values domain is missing from the research we have considered. While it might be concluded that this stems from the fact that researchers have lacked our framework to guide them (an argument that holds some appeal to the authors!), there is another possibility to account for the scarcity of work examining values over time in organizations.

Langley (1999) wrote an interesting paper in which, drawing on Mohr (1982) she contrasted "variance theory" and "process theory" based approaches to studying organizational issues. Langley outlined the difference between variance and process theories as follows:

> Whereas variance theories provide explanations for phenomena in terms of relationships among dependent and independent variables (e.g., more of X and more of Y produce more of Z), process theories provide explanations in terms of the sequence of events leading to an outcome (e.g., do A and then B to get C). Temporal ordering and probabilistic interaction between entities are important here (Mohr, 1982). Understanding patterns in events is thus key to developing "process theory." (1999, p. 692)

Both the authors of this chapter and probably many of its readers are likely to be most familiar with the "variance" approach, and this is clearly the dominant paradigm in most of the research we have considered here. In order to do justice to the framework described in Figure 1 it seems very likely to us that a processual approach will be needed to supplement and complement the variance-based approach. Understanding how individual, group, and organizational values are acquired, maintained and changed is likely to require insight into crucial events that are temporally ordered and patterned, as Langley suggests. This, it seems to us is part of the difficulty and also part of the challenge to providing answers to the two deceptively simple questions that we began with—when a why are values important in organizations?

A second conclusion to be drawn from our framework is that values play a paradoxical role in organizations. We should add that this isn't necessarily an idea that is uniquely derived from our framework, as we will see but we believe the framework sharpens our appreciation of values' paradoxical role.

We suggested that during the maintenance phase individuals' values are important in providing consistency and stability of behavior and direction. In addition, at the group and organizational levels, shared values or value congruence also help to produce consistency and stability during maintenance. Indeed it has been argued in Schneider's ASA theory (Schneider, 1987; Schneider et al., 2000) that organizations have an inherent dynamic toward producing high levels of value congruence or value homogeneity among organizational members. While organizational culture researchers have generally stressed the benefits of strong cultures (e.g., Meglino, Ravlin, & Adkins, 1989), the framework we've described makes it clear that the value homogeneity that is functional during maintenance phases may become dysfunctional during periods of change. In this section we consider two streams of research that, in different ways illustrate some of the forms and implications of this values paradox.

Given the difficulties posed by studying values across multiple organizations over time it is hardly surprising that we are not aware of any empirical studies that have examined the influence and outcomes of value homogeneity in organizations during periods of stability and change. However, some empirical evidence regarding values during maintenance and change periods comes from a quite divergent and perhaps surprising literature to that which we have thus far considered—the literature on top management teams (TMT).

According to Hambrick and Mason's (1984) upper echelons theory, organizations' strategies and performance are ultimately a reflection of the values and cognitive bases' of firms' dominant coalition or TMT; since TMTs constitute organizations power elite, their values, perceptions and judgement ultimately determine firms' strategic choices.

This central idea has produced a voluminous empirical literature (e.g., Hodgkinson, 2001; Sparrow, 1994) which has several key shared characteristics—it focuses on the relationship between TMT diversity (or heterogeneity) and a variety of organizational outcomes, including financial performance, innovation and change strategies. Heterogeneity among TMTs is typically described in terms of teams' similarity on a number of demographic characteristics such as age, organizational tenure and educational specialization. These measures have largely been selected because of the accessibility of such data. Interestingly, the kinds of hypotheses these TMT researchers developed resonate with our framework. For example, Murray (1989) hypothesized and found some empirical support, using data from 84 Fortune 500 companies between 1967–1981, for the following two propositions:

Proposition 1: *Homogeneous TMTs, because of their shared values and understanding, and consequently lower costs of communication and coordination, will perform better when shorter-term, efficiency-based measures of organizational performance are used.*

Proposition 2: *Heterogeneous teams, on the other hand, will perform better over the longer term because their greater adaptability, diversity of information sources and abilities, enhances their potential creativity.*

While there are disagreements about how reliable the findings from the TMT literature are, or how they should be interpreted (e.g., Hodgkinson, 2001) they have interest and significance for us in a number of respects. First, both the theoretical thrust and empirical findings of this literature is quite consonant with, and supportive of, our own framework. It represents virtually the only empirical tests of hypotheses that are arguably quite closely related to our own. Second, the TMT literature supports both theoretically and empirically the validity of the value congruence paradox—that it is both a blessing and a curse depending on which temporal phase in an organization or group we consider—maintenance or change; indeed since both phases are important value congruence is *both* a blessing and a curse.

Third, the TMT perspective suggests that organizations have the potential at least for resolving the value paradox. By introducing the variable of power, often ignored in OB, the upper echelons perspective suggests that, even if strong value congruence throughout an organization discourages change, a diverse top team that sees the need for such change has the power available bring about such change despite the strength of the organizational culture. Thus the question of whether having shared values is good or bad needs to have at least two further qualifying questions: when are they good or bad, and who shares them?

Last but not least we can concur with Sparrow's (1994) views that: "Despite the numerous methodological constraints and difficulties . . . statistically significant relationships between specific demographic aspects of top teams (who frequently only represent 0.1% of total organizational membership) and aspects of the organization's performance is remarkable . . ." (p. 158). While accessing the values of individual TMT members may be difficult, it is nevertheless possible to access and measure the publicly espoused values of TMTs as a whole and examine at least some of our hypotheses in this fashion (e.g., Kabanoff & Daly, 2002; Kabanoff, Waldersee, & Cohen, 1995).

Another issue that is apparent when considering the paradox that a strong culture is both a blessing and a curse revolves around the issue of diversity. Authors have recently devoted a great deal attention to the issue of diversity (e.g., Gilbert & Ivancevich, 2000; Jehn et al., 1999; Miller, 1993; Milliken & Martins, 1996), and theorists have suggested that firms should have a diverse workforce so as to respond with insight and sensitivity to a variety of

markets in an increasingly global economy, and to increase their capacity to implement change. However, theorists have also endorsed the development of strong cultures although a strong culture reduces diversity within a firm (e.g., Glynn, Barr, & Dacin, 2000; Jehn et al., 1999; Powell, 1998).

Powell (1998) suggested that advocates of strong organizational cultures, and therefore homogeneous values, favor hiring employees that reinforce and develop a firm's existing strengths. In contrast, advocates of organizational diversity emphasize hiring decisions that extend the firm's strengths so that an organization can respond more creatively and responsively to different aspects of the marketplace. The former strategy is called "reinforcing fit" while the latter is called "extending fit." Powell argues that the single-minded pursuit of either strategy is likely to ultimately reduce organizational effectiveness. Rather, organizations need to balance the requirement to "focus," or continue to do what they do best, with the necessity to increase the diversity of knowledge, skills, and perspectives so as to increase their ability to innovate and respond flexibly to the environment (Glynn et al., 2000). Miller (1993) argued that the most outstanding organizations lapse into decline because they become excessively simple, or overwhelmingly preoccupied with a single goal, strategic activity, department, or world view.

A study by Vermeulen and Barkema (2001) provides strong support for these propositions. They studied how firms' reliance on expanding through either "greenfields" (i.e., setting up subsidiaries from scratch) or through acquisitions influenced the success of subsequent expansions, of either kind. They argued that ongoing exploitation of a firm's existing knowledge base through greenfields eventually causes the firm to become simple and inert, which damages its new ventures when environments change. Acquisitions, on the other hand, can broaden the firm's existing knowledge base, overcome inertial tendencies, and aid in the further development of the existing knowledge base. Consequently, acquisitions can improve the likelihood of success of a firm's subsequent expansions, be they greenfield or acquisitions. These hypotheses were supported when Vermeulen and Barkema analyzed the expansion and performance of the 25 largest, non-financial Dutch companies over 30 years.

This indicates that firms are confronted with competing demands. One requirement is to continue to do what they do best and then act to strengthen this focus by selecting new organizational members who help implement and reinforce the existing focus. Theoretical arguments and empirical evidence have provided support for this strategy in times of organizational stability or maintenance. However, organizations are also required to implement organizational change and to respond flexibly and adaptively to a global, segmented marketplace. In this case, a diverse workforce that possesses a range of skills, abilities, perspectives, and values is required.

Finally, our framework can perhaps help us better understand why, despite the volume of research into values, the extent to which we can identify empirical evidence to support our views about their role and importance in organizations is limited. Research to date, it is clear is located primarily, indeed very largely at the individual level and is focused on what we characterize as maintenance-type behaviors, though this focus is usually implicit rather than explicitly identified. Thus, contrary to the apparent concern of CEOs with the role values play in organizational change, there is relatively little research on the role that values play in change. Also, in contrast to the volume of research on individual values, the group level is perhaps the most neglected of the three with even the organizational level receiving greater conceptual and empirical attention as a result of the interest in organizational culture. Yet groups may be critical to both understanding and implementing organizational change (e.g., Rafferty, 2002). While there are emerging signs of interest in issues such as the role values play in the propensity for change and coping capabilities of both individuals and groups, nevertheless our understanding of these issues is at a very early stage.

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CHAPTER 2

VALUES AND DESERVINGNESS IN THE CONTEXT OF ORGANIZATIONS

N.T. Feather

ABSTRACT

How do values influence our beliefs about deservingness in the organizational context? To take some specific examples, how are values involved in a person's judgments about whether another's pay rise is deserved or undeserved, whether the award of tenure to an academic in a college or university is deserved or undeserved, whether the award of an important contract to an organization is deserved or undeserved, whether one party's success or failure in the resolution of an industrial dispute is deserved or undeserved, or whether an employee's dismissal from an organization is deserved or undeserved? All of these examples involve questions of justice or injustice in relation to outcomes that are either positive or negative. Justice considerations enter in relation to whether or not the parties involved are believed to have received their just deserts.

I will propose that judgments of deservingness are influenced by the values that people hold. Other variables also influence these judgments but values

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and their effects are a central part of the causal process. In order to develop this argument I will first outline how I conceive of values and how they function to influence our perceptions of events and outcomes. I will describe a structural model of deservingness that incorporates the effects of values. I will then describe studies of deservingness from my research program that are relevant to the organizational context. Finally, I will discuss some issues that could be investigated in the future.

THE CONCEPT OF VALUE

I have provided detailed discussions of the concept of values in other places (e.g., Feather, 1975, 1990, 1992, 1996b, 1999a, 1999b). Here I summarize some of the main points.

I conceive of values as general beliefs about desirable ways of behaving or about desirable general goals. Values are held by persons, they transcend situations, they vary in their importance for self, and they have a normative or prescriptive quality about them, involving what is desirable or undesirable and what should be preferred or not preferred. Values are not cognitively neutral but are linked to the affective system. They are guiding principles in a person's life and they are an important part of his or her self-definition.

These abstract ideas can be made more concrete in regard to equality and honesty as values. Thus, a person may believe that equality is an important general goal in regard to self and that being honest is an important way of behaving. For this person, equality is preferred to inequality and being honest is preferred to being dishonest. Both of these values would form an important part of this person's self-concept and they would influence his or her behaviors in specific situations. He or she would feel strongly when these values are challenged by others because values are cognitive-affective in nature.

Values become organized into value systems or hierarchies of importance, some values being seen as more important for self than other values. I have assumed that the more important a value is for self, the more easily it will be activated. For example, people for whom equality is an important value would be expected to be sensitive to issues of equality and inequality in all sorts of situations when compared with people who give equality lower priority in their value systems. I have also assumed that activation of a value will depend on relevant cues in the environment. For example, a situation where issues concerning equality are especially salient would be expected to be more likely to activate this value when compared with a situation where these issues are minor considerations. Thus, the activation of values depends on both the person and the situation. The structure of

individual value systems and the presence of relevant value-related cues are both important (Feather, 1999b, pp. 70–71).

Values are assumed to be relatively stable properties of persons but are not unchanging across the lifespan. Values that are important for a young person may not be so important for an older person with more experience of life and with different roles and responsibilities.

These ideas owe a lot to the seminal contributions of Rokeach (1973). He argued that values are prescriptive or proscriptive beliefs "that a specific mode of behavior or end-state of existence is preferred to an oppositive mode of behavior or end-state" (Rokeach, 1973, p. 25). He also proposed that the antecedents of values can be traced to culture, society and its institutions, and to personality, and that values function as standards or criteria for judgments and preferences in many different ways, providing guidance about what is desirable and what is undesirable. For Rokeach, values were central to the self-concept and they were determinants of attitudes and behaviors. However, values were assumed to be much fewer in number than the many more specific beliefs and attitudes that people typically hold. His Value Survey consisted of 36 values, of which 18 were terminal values that referred to general goals or "end-states of existence" (e.g., a comfortable life, equality, freedom, social recognition), and 18 were instrumental values that referred to ways of behaving or "modes of conduct" (e.g., being ambitious, honest, loving, obedient). Respondents were asked to rank each set of values in order of importance for self, as guiding principles in their lives. In this way, two rank orders or value systems were obtained for an individual, one relating to the set of terminal values and the other to the set of instrumental values.

In my early research I used Rokeach's Value Survey almost exclusively (Feather, 1975). This survey procedure has since been superseded by the Schwartz Value Survey (Schwartz, 1992) in which longer lists of terminal and instrumental values are rated for importance rather than ranked. Schwartz has been mainly interested in investigating value priorities at the cross-cultural level (e.g., Schwartz, 1996; Smith & Schwartz, 1997). He drew upon Rokeach's contributions and defined values as "desirable, transituational goals, varying in importance, that serve as guiding principles in peoples lives" (Schwartz, 1996, p. 2). He developed ideas about the structure and content of values, arguing that values "represent, in the form of conscious goals, three universal requirements of human existence: biological needs, requisites of coordinated social interaction, and demands of group survival and functioning" (Schwartz, 1996, p. 2). These universal requirements imply different value types that are defined in terms of their motivational goals. For example, the power value type has as its goal "social status and prestige, control or dominance over people and resources." Values that exemplify the power value type are social power, authority, and

wealth. The universalism value type has as its goal, "understanding, appreciation, tolerance and protection for the welfare of all people and for nature." Values that exemplify the universalism value type are wisdom, social justice, equality, and a world at peace.

Schwartz (1992, 1996) defined 10 value types and they are presented in Figure 2.1. The circular arrangement of value types was supported by analyses of importance ratings for the values listed in the Schwartz Value Survey that used Guttman's (1968) smallest space procedure. The ratings were obtained from student and teacher samples in many different countries. The circular arrangement is consistent with the theoretical idea that there are dynamic relations between the value types involving compatibilities and conflicts. Some value types would come into conflict if they were simultaneously pursued (e.g., self-direction and stimulation versus conformity, tradition, and security). Other value types would be compatible if they were

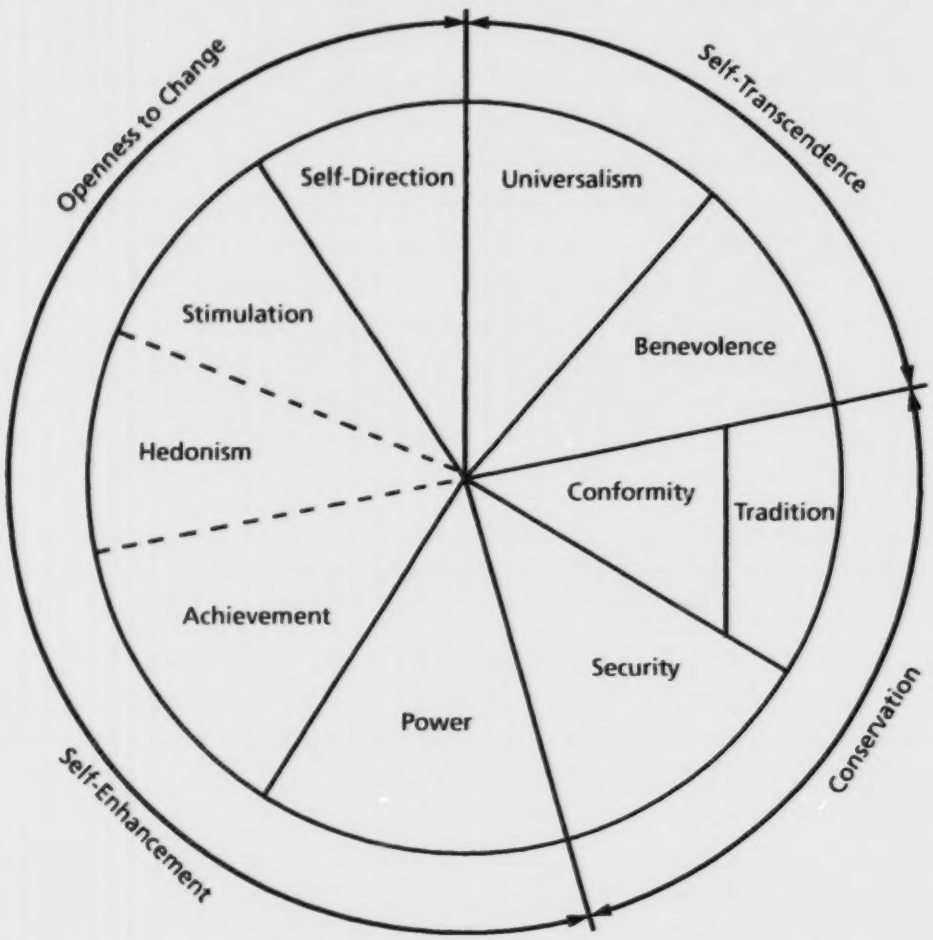

Figure 2.1. The prototypical structure of value systems (Schwartz, 1996)

simultaneously pursued (e.g., power and achievement; tradition and conformity; stimulation and self-direction).

In the circular arrangement in Figure 2.1, adjacent value types are compatible because the values that define the types are assumed to have similar motivational goals. For example, values concerned with achievement and power express self-centeredness and a desire to enhance self; values concerned with conformity and tradition express conservation or resistance to change. In contrast, value types on opposite sides of the circle involve motivational goals that are often difficult to pursue simultaneously. For example, trying to express universalism values that transcend the self might be at the expense of personal achievement that enhances self; the pursuit of security values that relate to conservation might close off the pursuit of values concerned with stimulation and self-direction that relate to openness to change. According to Schwartz, most value conflicts involve an opposition between value types that express openness to change and value types that express conservation, and between value types that express a concern with self-enhancement and value types that express a concern with self-transcendence.

I have investigated how value types, based on the Schwartz Value Survey, are related to how people react to penalties for offenses (e.g., Feather, 1996a, 1998) and to the hypothetical resolution of an industrial conflict. I will describe some of this research later in this chapter. It should be clear that my approach to the definition of values is generally consistent with how Rokeach and Schwartz define this term. Theoretically, I go beyond them by conceptualizing a value as a latent cognitive structure or associative network that is linked to the affective system and to a range of beliefs and attitudes. As a structure, a value can take different forms for different people and it can vary in structural characteristics such as degree of differentiation, integration, isolation, and centrality. Thus, a value may have the same label attached to it (e.g., equality) but people may differ in what the value means to them in regard to its content and form, despite the presence of a common set of associations that defines the value. The ease with which the value structure is accessed will depend both on relevant situational cues and the relative importance of the value within each person's value system. These ideas are elaborated at greater length in Feather (1999b, Chapter 3).

In this brief review of the value concept I have ignored other important contributions to the values literature that consider value dimensions at the cultural level (e.g., Hofstede, 2001; Smith & Schwartz, 1997), as well as discussions of values that examine ideologies and world views (e.g., Rohan, 2000). My main concern has been with clarifying the concept of value by describing recent discussions of the term and with noting measurement pro-

cedures for assessing value priorities and value types. Next I consider how values may be assumed to influence a person's perception of a situation.

VALUES AND VALENCES

If we conceive of a value as a latent cognitive structure involving an associative network, we can go a step further and propose that, once activated, values may prime or activate attitudes and beliefs that are part of its structure. Many years ago Lewin (1951) proposed that values may "determine which types of activity have a positive and which have a negative valence for an individual in a given situation" (p. 41) but he did not elaborate on this proposal. French and Kahn (1962) followed Lewin in assuming that both needs and values "have the basic property of the ability to motivate goal directed behavior by inducing valences (or incentive values) on certain environmental objects, behaviors, or states of affairs" (pp. 11–12).

I have also assumed that values affect the way individuals perceive situations in terms of attractive and aversive regions that relate to means and ends (Feather, 1975, 1990, 1996b, 1999b). Thus, a person for whom power is an important value will see possible outcomes that express high personal impact as more attractive (or positively valent), and possible outcomes that constrain personal impact as aversive (or negatively valent) in a defined situation. A person for whom being helpful is an important value will see helpful ways of behaving as attractive (or positively valent) and unhelpful ways of behaving as aversive (or negatively valent) in a given situation. So, "just as hunger induces positive valences on food objects, and the need to protect self induces negative valences on possible threats in a situation, values also induce valences on objects and events. The world we perceive is colored by our dominant needs and values, taking on positive and negative characteristics depending on the needs and values that are engaged by the situation and from within the individual" (Feather, 1999b, p. 67).

Thus, I make a distinction between the general values that people hold and the subjective values (or valences) that they associate with the potential actions and outcomes that relate to a particular situation. A person's general values are assumed to influence his or her affective appraisal or evaluation of the different actions and outcomes that are possible within a defined situation. In my 1999 book I described related theory and research concerned with valences, or the attractive or aversive characteristics of particular objects and events (Feather, 1999b; see especially, Feather, 1995). I do not review this research again. I will now show next how the assumption of a values/valences link can be applied to the analysis of deservingness.

VALUES AND DESERVINGNESS

Consider the following possible situations: a business entrepreneur amasses a huge fortune on the basis of insider trading on the share market; a nurse in a psychiatric hospital chastises a patient who damaged hospital property; an employee in an organization who is not a star performer but who is friendly with the boss gets a large promotion in the firm; a student who studies hard for an important examination ends up with a low grade; an executive officer in a food-producing firm relaxes controls in order to cut costs and is dismissed because people become ill after eating contaminated food; an instructor at a university gets tenure on the basis of a good publication record; and a highly respected politician is appointed to a key position on a government committee. Each of these situations involves either a positive outcome or a negative outcome for the person concerned (the entrepreneur, the patient, the employee, the student, the executive officer, the instructor, and the politician). In each case we can ask whether or not the person deserved or did not deserve that positive or negative outcome.

To answer that question we need to have a clear idea about the meaning of deservingness (or "desert" or "deservedness," to use equivalent terms). The *Oxford English Dictionary* defines "deserve" as involving acquiring or earning a rightful claim by virtue of actions or qualities. Thus, the concept of deservingness has either a behavioral reference or some reference to a person's qualities. This is the case for the situations that I described. Each situation refers to either a positive or negative action for which a person is responsible (e.g., insider trading, damaging hospital property, a good publication record) or to positive or negative characteristics that the person is perceived to possess (e.g., not a star performer, a respected politician). In the latter case, the presence or absence of the perceived qualities can usually be traced back to observations about how the person has behaved in the past, observations that may involve direct experience or derive from secondary sources where social information and appraisals come from others or via the mass media.

The concept of deservingness is a central one in the analysis of social justice and it has been discussed by social philosophers, social psychologists, legal theorists, and other analysts (see Feather, 1999b, for a selective review). Some theorists see deservingness as a particular type of entitlement. For example, Lerner (1987) referred to the experience of entitlement as "the essential psychological ingredient of an entire family of human events associated with social justice: issues of equity, deserving, rights, fairness, and the justice of procedures, distribution, and retributive acts..." (p. 107). Others see deservingness as distinct from entitlement. For example, Feinberg (1970) argued that "'deserve', 'fitting', and 'appro-

priate', on the one hand, and 'right', 'entitlement', and 'rule', on the other, are terms from altogether different parts of our ethical vocabularies . . ." (p. 86). My preference is to keep the two terms separate, with *deserving* relating more to a person's actions and *entitlement* to an external frame of reference involving legal or quasi-legal prescriptions, rights, social norms, and agreed-upon rules that may be explicit or implicit (Feather, 2002a, 2003; Feather & Johnstone, 2001). I will return to this issue later in this chapter.

I have proposed a structural model of deservingness (Feather, 1999a, 1999b) that assigns actions and their contingent outcomes a key role in determining whether an outcome is deserved or undeserved. In this model I assume that a positively evaluated outcome that follows from a positively evaluated action would be perceived to be deserved. So would a negatively evaluated outcome that follows from a negatively evaluated action. In the examples that I provided, the instructor who published a lot (a positive action) would be perceived to deserve the tenured appointment (a positive outcome); the patient who behaved badly (a negative action) would be perceived to deserve to be chastised by the nurse (a negative outcome).

In contrast, I assume that a positively evaluated action that follows from a negatively evaluated outcome would be perceived to be undeserved. So would a negatively valued outcome that follows from a positively valued action. In the examples that I gave, the entrepreneur who engaged in insider trading (a negative action) would be perceived not to deserve the huge fortune he or she amassed (a positive outcome); the student who studied hard (a positive action) would be perceived not to deserve the low grade he or she received (a negative outcome).

Thus, in my structural model, judgments of deservingness and undeservingness are assumed to depend upon the evaluative structure of action/outcome relations. Judgments of deservingness occur when the valence of the outcome is consistent or fits with the valence of the action; judgments of undeservingness occur when there is an inconsistency or lack of fit between the valence of the outcome and the valence of the action.

What determines the way actions and outcomes are evaluated? Here is where the values/valences assumption comes into operation. Following my previous discussion, I assume that values that are activated in a situation will induce positive or negative valences on actions and their outcomes. For example, people for whom being honest is an important value would be expected to evaluate the entrepreneur's insider trading more negatively (higher negative valence) when compared with those for whom honesty is less important. In the same situation, people for whom power is an important value would be expected to evaluate amassing wealth more positively (higher positive valence) when compared with those for whom power is a

less important value. The other situations involve the same assumption about values and valences and they can be analyzed in the same way. Potential actions and outcomes within a situation are tested against the general values that are activated, and positive or negative evaluations are assigned accordingly. The process may occur relatively automatically or following some conscious effort. I do not claim that the values that people hold are the only determinants of how they evaluate actions and their outcomes. These evaluations are likely to be complexly determined (Feather, 1999b, pp. 72–73). I do claim that a person's general value priorities play an important role in affecting evaluations, once values are activated.

DESERVINGNESS AND OTHER VARIABLES

Although the evaluative structure of action/outcome relations is a basic component in my deservingness model, it is not the only component. Perceived responsibility for the action and its outcome also plays an important role in affecting judgments of deservingness. But this role is a complicated one. Judgments of deservingness do not always run in parallel with judgments of responsibility. In some cases they do. For example, a person can be judged to be responsible for an action that led to a positive or negative outcome and also be judged to deserve that outcome. A student who worked hard in preparing for an examination would be judged to deserve the high grade that he or she obtained; a convicted criminal who committed a crime would be judged to deserve the penalty that was imposed. In other cases there would be a disjunction between judgments of deservingness and perceived responsibility. Thus, a person can be judged to be responsible for an action that led to a positive or negative outcome and also be judged not to deserve that outcome. For example, an employee who worked hard for his or her organization would be judged not to deserve failing to be promoted; a business entrepreneur who engaged in shady practices would be judged not to deserve the wealth that he or she accumulated. These examples demonstrate that relations between judgments of deservingness and perceived responsibility are conditional upon the evaluative structure of the action/outcome relations. Deservingness and perceived responsibility are not in a one-to-one relation. How actions and outcomes are evaluated provides the context within which relations between deservingness and perceived responsibility should be considered.

Finally, people are generally seen not to deserve outcomes for which they are not responsible. For example, a student who became sick before an examination would be judged not to deserve the low grade that he or she obtained.

The structural model of deservingness also includes other variables. In particular, it incorporates ingroup/outgroup relations and like/dislike relations between the person (*p*) who is judging and the other person (*o*) who is being judged. One would expect to find a positive bias in judgments when *o* is a member of *p*'s ingroup rather than a member of an outgroup, or is liked rather than disliked. For example, a person would be more likely to judge the positive outcome of a close friend or ingroup member as more deserved and that person's negative outcome as less deserved when compared with corresponding judgments for the same outcomes that might occur for another person who is disliked or who belongs to an outgroup.

It is possible to combine the different variables that I have described into a structured set of relations, using graph theory (Feather, 1999b, pp. 109–116). Figure 2.2 presents eight structures that represent a person (*p*) who takes the role of a judge with the task of determining whether other (*o*) deserves or does not deserve an outcome. Each structure also contains *o*'s action and its contingent outcome as elements. Following convention, a positive evaluation or attitudinal relation is represented by a solid line and a negative evaluation or attitudinal relation by a dashed line. For example, in Figure 2.2a person (*p*) positively evaluates both *o*'s action and its outcome; in Figure 2.2g the action is positively valued but the outcome is negatively valued. These positive and negative evaluations correspond to what I have called valences in a previous section and they are assumed to be influenced by the values that *p* holds.

In Figure 2.2, *o*'s responsibility for the action is represented by a solid bracket and the contingency between outcome and action is also represented by a solid bracket. These relations are unit relations because they bring two elements together into a unit. Similarly, ingroup or outgroup membership is represented in Figure 2.2 by positive or negative unit relations represented by solid or dashed brackets respectively. For example, in Figure 2.2b person (*p*) and other (*o*) belong to the same ingroup; in Figure 2.2c other (*o*) belongs to an outgroup.

A corresponding set of structures can be constructed that represent like or dislike relations between *p* and *o* (Feather, 1999b, p. 114), using solid or dashed lines to replace the solid or dashed brackets in Figure 2.2. These various structures, including those in Figure 2.2, can then be identified as balanced (containing relations that fit together consistently) or unbalanced (containing relations that are out of harmony and do not fit together consistently), using Heider's (1958) principle of structural balance. The sets of relations in Figure 2.2a and Figure 2.2d are completely balanced in terms of this principle; the remaining structures contain sets of relations that are unbalanced. Thus, there is no inconsistency in a situation where *o*, who is a

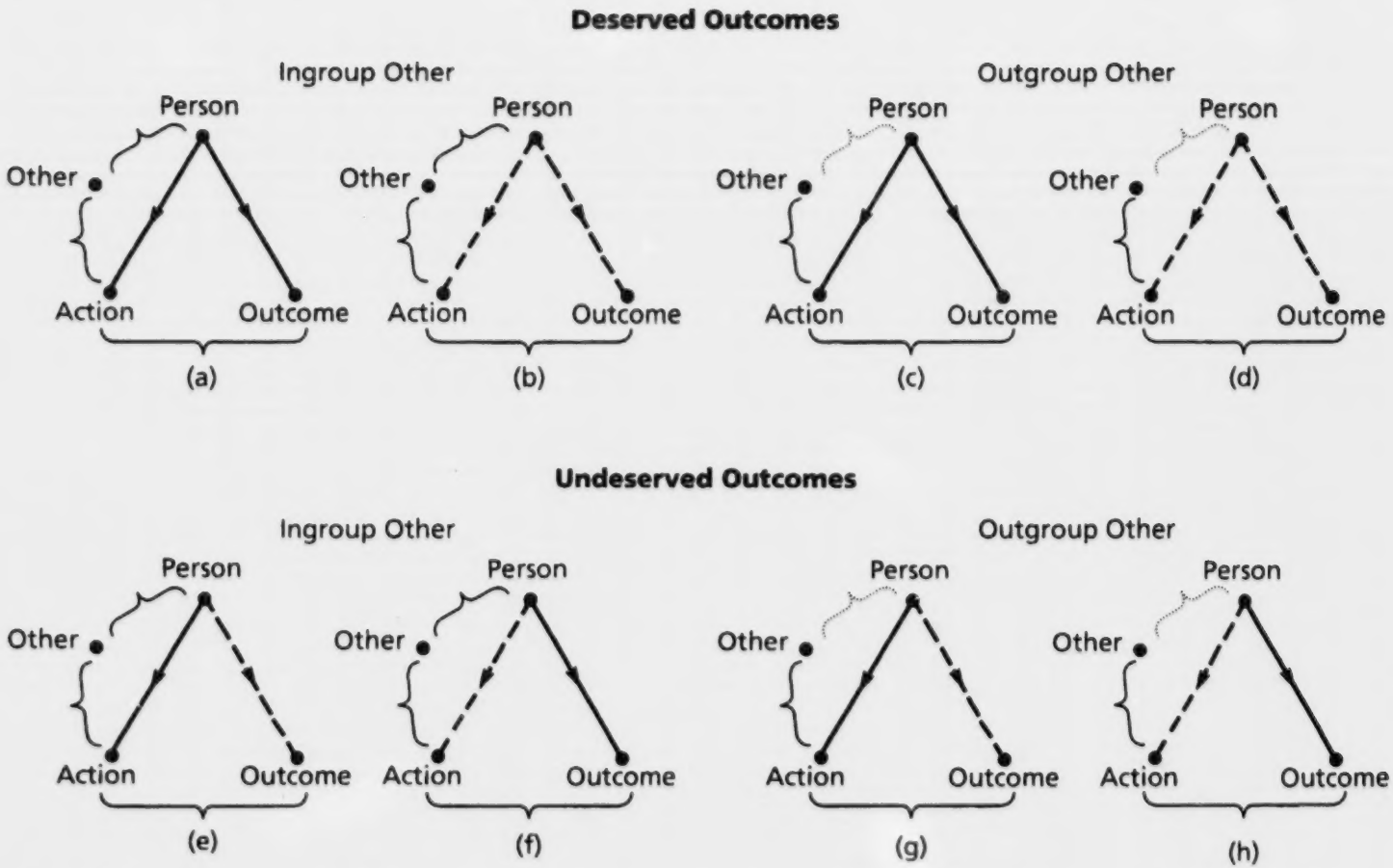

Figure 2.2. Balanced and unbalanced structures representing deserved and undeserved outcomes for ingroup other and outgroup other (Feather, 1996b).

member of *p*'s ingroup, is perceived to be responsible for a positive action that leads to a positive outcome (Figure 2.2a), or in a situation where *o*, who is an outgroup member, is perceived to be responsible for a negative action that leads to a negative outcome (Figure 2.2d). But inconsistencies occur in all of the remaining structures as would occur, for example, when an ingroup *o* is perceived to be responsible for a negative action that leads to a positive outcome (Figure 2.2f), or when an outgroup member is perceived to be responsible for a positive action that leads to a negative outcome (Figure 2.2g).

I assume in the structural model that judgments of deservingness are maximal when a structure is completely balanced, involving a consistent fit between all sets of relations within the structure. When a structure is unbalanced in some way, outcomes are less likely to be judged to be deserved and more likely to be judged as undeserved. It is interesting to note that Heider (1958) made the connection between balance and deservingness when discussing reactions to the lot of another person. Thus, he stated that "the situation is balanced if the experiences of another are in accord with what he deserves" (Heider 1958, p. 284). I have taken this idea a lot further by specifying structures that include variables that are assumed to underlie judgments of deservingness.

Following Heider (1958), I assume that lack of balance is associated with tension or discomfort and with pressure to change one or more of the relations so as to achieve a balanced state of affairs. Ways in which lack of balance may be resolved are discussed elsewhere (Feather, 1999b, pp.116–118). For example, *p* might reinterpret the situation and assign less responsibility to *o* for the action that occurred, or *p* might feel some pressure to change his or her attitude toward *o* or modify *o*'s group membership, or *p* might perceive the outcome as not a product of o's action but as due to some other cause.

RESEARCH STUDIES

How do we translate these ideas into research studies? In the remainder of this chapter I will describe studies of deservingness from my research program that are relevant to the organizational context. The studies that I select either involved organizations directly or indirectly, or raise issues concerning justice that certainly have application with organizations.

A Conflict Between Organizations

In the first part of 1998 an intense conflict occurred in Australia between an industrial firm (Patrick Stevedores) and a union (the Maritime Union of Australia—MUA). The conflict continued over several weeks. The conflict concerned an agreement in which the employers demanded reductions in staffing on the waterfront and changes in work place practices with the aim of improving overall efficiency and productivity. These proposals were strongly resisted by the union. The bitter dispute was the focus of intense scrutiny by the press, radio, and television over several weeks and it engendered a lot of public discussion. The issues involved were important ones and it was recognized that the resolution of the dispute would have widespread consequences for the waterfront and for the nation as a whole.

I conducted a study of how third-party observers would react to the dispute in relation to their own value priorities. A detailed report is presented elsewhere (Feather, 2002b). Here I briefly describe the procedure and some of the results. Participants in the study were students at Flinders University in early June 1998, when the dispute between Patrick Stevedores and the MUA was at its height. They completed a questionnaire that contained items concerning the dispute, followed by a set of 30 values sampled from the Schwartz Value Survey (Schwartz, 1992), a six-item measure of egalitarianism (Feather, 1996b), and standard demographic items (age, gender, etc.).

Participants were asked to respond to items that referred to the ongoing dispute. They were reminded of the main spokespersons for each organization (Patrick Stevedores and the MUA) and the fact that these two people had regularly appeared on TV and radio presenting their respective organizations' opposing positions, as well as being intensively reported in the press. The instructions then indicated that the experimenter was interested in how people evaluated each side of the dispute and its possible outcome.

Participants then used 1 to 7 rating scales to provide judgments of the fairness of each party's behavior, each party's responsibility for the dispute, and each party's deservingness should it come out the winner. They also reported their affective reactions should each party have a successful outcome, and their confidence about the judgments that they made.

The instructions for the 30-item Value Survey requested participants to rate each value on a 1 to 7 scale in regard to how important that value was for self, "as a guiding principle in your life." Guided by Schwartz's (1992) analysis, I used four values to define a *power* value type: social power, wealth, authority, and social recognition. Also guided by Schwartz's analysis, I used five values to define a *prosocial* value type: loyal, forgiving, true

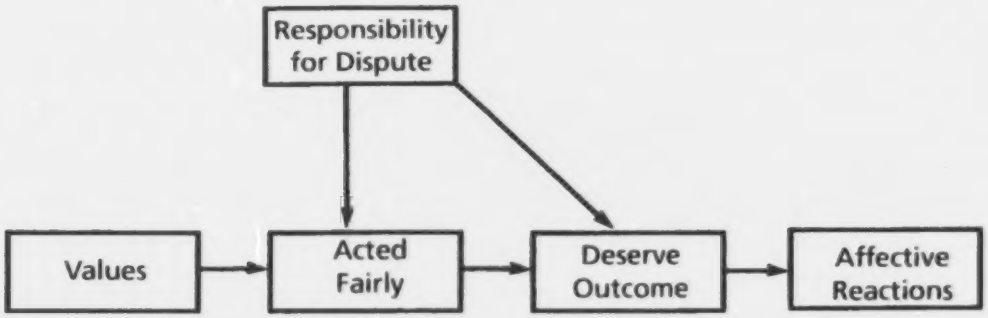

Figure 2.3. Structural model for reactions to a dispute (Feather, 2002b).

friendship, honest, and helpful. I chose these value types on the assumption that people who favored the union (the MUA) would tend to assign relatively high importance to prosocial and egalitarian values that were communal and collectivist in nature, and that people who favored the employer (Patrick Stevedores) would tend to assign relatively high importance to power values. As noted previously, egalitarianism was measured by a 6-item scale used in previous studies in my research program (Feather, 1996b).

The predictions were based on the structure of relations presented in Figure 2.3. This structure is consistent with my previous discussion of relations between values and valences and with social-cognitive process models that I have developed in other areas (Feather, 1998, 1999b). For the MUA, I predicted a positive path between the importance of prosocial and egalitarian values and judgments that the MUA acted fairly; for Patrick Stevedores, I predicted a positive relation between the importance of power values and judgments that Patrick Stevedores acted fairly. These predictions are consistent with the assumption that the values that are elicited in a situation will influence a person's evaluations of actions and their outcomes. In the present study the hypothetical outcome was positive (a successful resolution of the dispute) and the focus was on relations between values and the fairness of each organization's behavior in the dispute.

Predictions about other paths in Figure 2.3 followed from deservingness theory (Feather, 1999b). They were as follows: (a) the more responsible a party was for the dispute, the less that party would be perceived to have acted fairly and the less they would be seen to deserve a positive outcome and (b) stronger judgments that either party deserved a positive outcome to the dispute would be associated with higher ratings of pleasure and lower ratings of anger about the positive outcome.

What did I find? Figures 2.4 and 2.5 present the results of LISREL analyses applied to relations between the variables (Feather, 2002b). For the MUA there was a statistically significant positive path coefficient for the

path linking egalitarianism to the fairness variable (Figure 2.4). Stronger egalitarian values predicted judgments that the union behaved more fairly. The corresponding path for Patrick Stevedores was also statistically significant, but it was negative in direction (Figure 2.5). Stronger egalitarian values predicted judgments that the employer behaved less fairly. In addition, there was a statistically significant positive path coefficient for the path linking power values to the fairness variable for Patrick Stevedores (Figure 2.5). Stronger power values predicted judgments that the employers behaved more fairly. Thus, for both organizations, there was support for the assumption that the dispute elicited values that induced valences or attitudes toward procedural fairness that varied depending on the organization.

The statistically significant path coefficients in Figures 2.4 and 2.5 also show that, for both the MUA and Patrick Stevedores, perceived responsibility for the dispute predicted in the negative direction to acted fairly and also in the negative direction to deserve a positive outcome. In addition, acted fairly predicted in the positive direction to deserve a positive outcome, and deservingness predicted positively to pleased about the outcome and negatively to anger about the outcome. These paths were consistent with predictions.

Other results from this study are presented elsewhere (Feather, 2002b). Here the main focus has been on the values/valences link and on variables that were assumed to influence judgments of deservingness and subsequent reported positive or negative feelings about an outcome. As noted in the previous report (Feather, 2002b), the results show that the different organizations called out values that affected the judgments that participants made:

> The employers activated values concerned with authority, wealth, and social power. Both the union and the employers activated values concerned with community, solidarity, and equality, but these types of values were involved in contrasting relations depending on whether the focus was on the union or the employers. (p. 457)

The degree to which each organization was perceived to have acted fairly depended on the values that were elicited and also on the organization's perceived responsibility for the dispute. If we regard acted fairly as a measure of procedural justice, these results imply that beliefs about procedural justice are influenced by variables that go beyond those that are usually mentioned in the literature (e.g., neutrality, trust, status; see Tyler et al., 1997; Tyler & Lind, 1992), to include values and perceived responsibility. As the results showed, procedural justice and perceived responsibility then influenced judgments of deservingness consistent with the model pre-

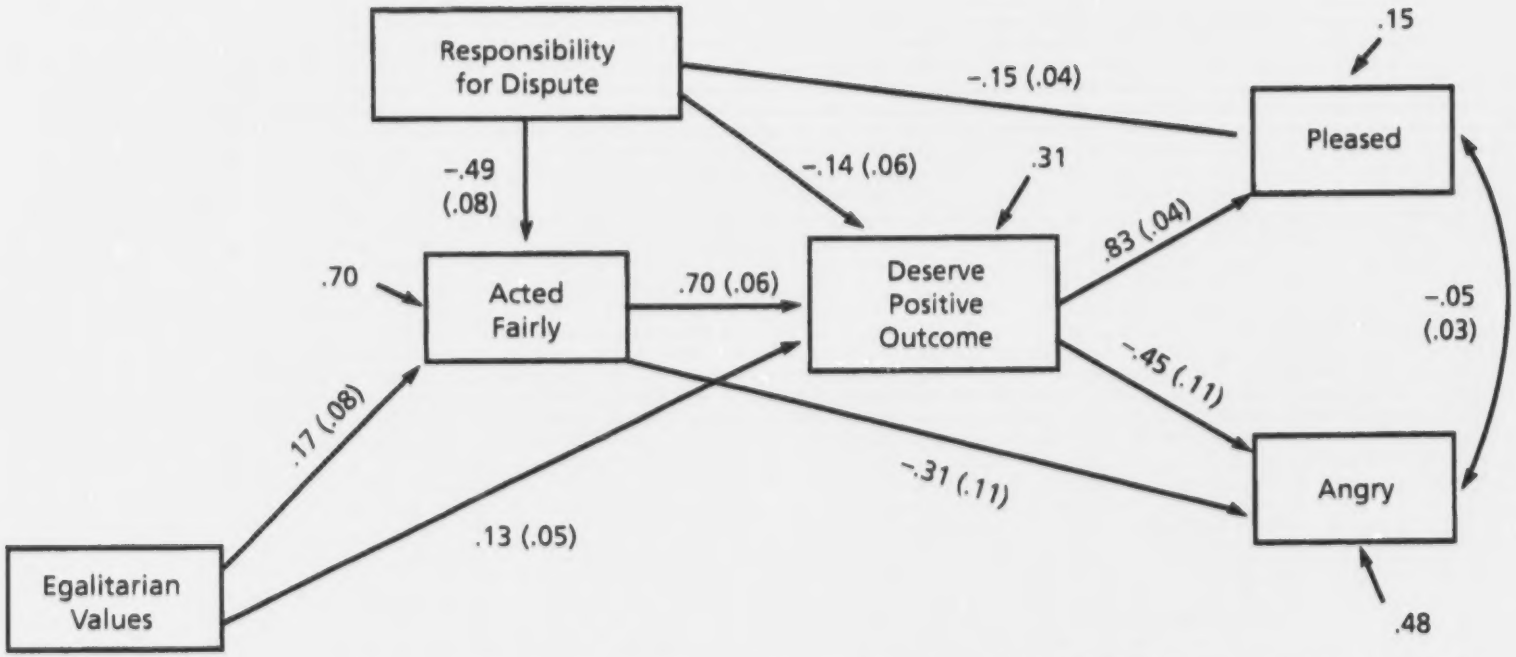

Figure 2.4. Path diagram linking variables for the Maritime Union of Australia (MUA) (Feather, 2002b). Standard errors for the standardized regression weights are in parentheses.

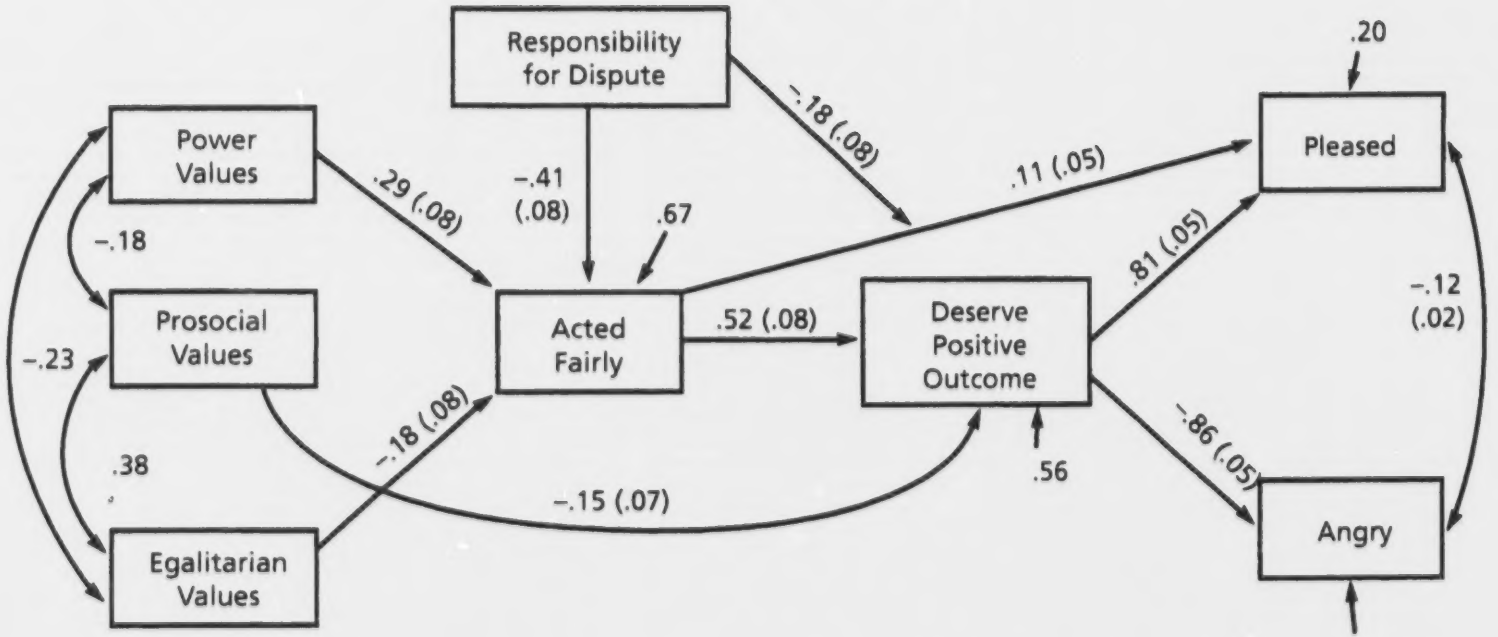

Figure 2.5. Path diagram linking variables for Patrick Stevedores (Feather, 2002b). Standard errors for the standardized regression weights are in parentheses.

sented in Figure 2.3, and these judgments predicted differences in positive and negative affect.

An Offense Against Public Health

In 1995 a firm in Adelaide, South Australia, marketed contaminated processed meat. A child died as a result of this contamination and other children and adults were hospitalized, some suffering permanent injury. The case received a lot of publicity via the press, radio, and TV.

Subsequently, Feather, Boeckmann, and McKee (2001) conducted a study that presented participants with hypothetical scenarios that focused on a similar type of offense. The scenarios described two organizations who were involved in the overall context of the offense. One was the firm who marketed the contaminated meat; the other organization was the state health authority.

We manipulated whether or not the marketing firm was aware of the risk of contamination or unaware of the risk when, due to internal staff shortages and budgetary concerns, they adopted new hygiene procedures that might increase the risk of manufacturing contaminated meat. We also manipulated whether the marketing firm had some freedom in varying these new hygiene procedures or were constrained by directives from the health authority to change their hygiene procedures.

Participants in the study were recruited from the general population of Adelaide, South Australia, in July 1997. They responded to one of the four possible scenarios obtained by combining knowledge of risk with freedom of action. They used 7-point scales to rate each organization's degree of negligence and recklessness, the perceived seriousness of the offense, and how angry they felt toward each organization in regard to the offense. They used other scales to measure perceived responsibility and amount of compensation that should be awarded to the victims.

Participants were then asked to imagine situations where an executive officer in each organization was found liable for the poisonings that occurred and was sentenced to a two-year jail term. They used 7-point scales to rate how much they thought each executive officer deserved the sentence, was personally responsible for the poisonings, how harsh or lenient they perceived the sentence to be, how sympathetic they felt toward each executive officer, and how angry they felt that each executive officer received the two-year jail term. They then responded to items designed to obtain their own judgments about appropriate penalties assuming that the executive officer in each organization was found liable for the poisonings.

Participants also completed the 30-item Right-Wing Authoritarian Scale (RWA; Altemeyer & Hunsberger, 1992). The items in this scale cover

authoritarian submission, authoritarian aggression, and conventionalism. Previous research has shown that differences in right-wing authoritarianism are related to differences in value priorities. High authoritarians tend to assign higher importance to values concerned with power, conformity, security, and tradition, and lower importance to values concerned with hedonism, stimulation, self-direction and universal social goals, when compared with low authoritarians (Feather, 1996b, 1998, 1999b; see also Rohan & Zanna, 1996).

Following my previous discussion, these differences in value priorities would be expected to influence which features of a situation become salient to the individual and acquire positive or negative valence. In the present case, we expected that high authoritarians would react less negatively to the perpetrator of an offense when it was clear that the perpetrator was following orders from a higher authority (the constraint condition) than when the perpetrator had more freedom to act (the freedom to act condition) (Altemeyer, 1981; Feather, 1998; Miller & Vidmar, 1981; Stone, Lederer, & Christie, 1993). Low authoritarians might be expected to be less responsive to the information concerning the directives of a higher authority. Depending on their values, they might sometimes even condone an offense and react positively to a perpetrator who opposed the dictates of an authority.

We also expected that low authoritarians would be more responsive and sensitive than high authoritarians to information that the actions taken by the perpetrator of an offense might involve the risk of harming other people, given the evidence that low authoritarians give stronger endorsement to universalistic social values concerned with the protection and welfare of others (Feather, 1996a, 1998). In the present context, low authoritarians might react less negatively to the perpetrator of the food poisoning when there was information that the perpetrator was not aware of any risk to others than when there was awareness of risk. Information that others might be knowingly harmed would be especially salient to low authoritarians, given their stronger universalistic values.

Table 1 presents a selection of the results for variables measured at the organizational level. These results relate to the subordinate organization (called the Feranetti company in our study). They show that low authoritarians discriminated more between the aware versus unaware conditions than high authoritarians in regard to perceived responsibility, perceived negligence, perceived recklessness, and compensation. The subordinate organization was judged by low authoritarians to be more responsible for the poisonings, more negligent, more reckless, and liable to pay more compensation in the awareness of risk condition than in the unaware condition. The corresponding differences in means were much smaller for the high authoritarians.

Table 2.1. Mean Scores and Interaction Effects for Authoritarianism by Knowledge of Risk and Authoritarianism by Freedom of Action from 2 × 2 × 2 Analyses of Variance for Organization Variables

	Authoritarianism by knowledge				
	Low authoritarian		*High authoritarian*		
Variable	*Unaware*	*Aware*	*Unaware*	*Aware*	*F for interaction*
Feranetti responsibility	33.13	51.19	40.67	45.10	4.07*
Feranetti compensation	176.04	314.17	244.17	238.78	9.52**
Feranetti negligence	3.79	5.62	4.15	4.65	6.85**
Feraneti recklessness	3.81	5.25	4.02	4.61	2.82†
	Authoritarianism by freedom				
	Low authoritarian		*High authoritarian*		
	Freedom	*Constraint*	*Freedom*	*Constraint*	*F for interaction*
Feranetti responsibility	46.72	38.26	53.88	33.50	4.48*
Feranetti compensation	285.25	210.64	333.67	166.67	5.35*

Note: N=241. Minor variations from this N occured because of missing cases. Compensation is recorded in terms of thousands of dollars with a midpoint of $300,000. The responsibility scale has a midpoint of 50.

† $p < .10$

* $p < 0.05$

** $p < 0.01$

However, the high authoritarians showed more discrimination than low authoritarians in the freedom to act versus constrained by higher authority conditions in regard to the perceived responsibility of the subordinate organization and that company's liability to pay compensation. The subordinate company was judged by high authoritarians to be less responsible for the poisonings in the constraint condition that in the freedom condition, and liable for a much lower compensation payment to the victims when they were constrained by higher authority to vary procedures in the way they did. The differences in means were much smaller for the low authoritarians.

These results are consistent with expectation. Other results are presented in the published report (Feather et al., 2001). The results imply that high authoritarians were more sensitive and responsive to information about the legitimate authority of the controlling organization and the degree to which the subordinate company was constrained to comply with its directives. They were less sensitive and responsive to information about awareness of risk. In contrast, the results implied that low authoritarians were less sensitive and responsive to information about the role of the legitimate authority but more sensitive and responsive to information about awareness of risk. The different value priorities held by high and low authoritarian may be assumed to have influenced the way each type of person reacted to the contextual cues that were manipulated in the study under discussion. Obeying and conforming to the dictates of legitimate authority are important values for high authoritarians, and protecting the welfare of all people and nature is a relatively more important value for low authoritarians. High and low authoritarians may also have processed the information differently once it was selected, if we assume that high authoritarians are more intolerant of ambiguity and more prone to black-and-white thinking, when compared with low authoritarians.

An Aggressive Incident in a Psychiatric Hospital

The final study to be described was not concerned with the effects of values on people's evaluations and sensitivity to different types of information. The study is included because it provided evidence about the need to distinguish between the concepts of deservingness and entitlement.

As I noted previously, judgments of deservingness relate to outcomes that are produced by a person's actions or that can be related to a person's qualities that have some basis in how the person typically behaves. Judgments of entitlement relate more to an external frame of reference that involves formal or informal laws or rules, rights, social norms, or other agreed-upon sets of principles. In lay usage the two terms may sometimes

be used interchangeably but, from a social psychological point of view, it is important to distinguish between the two concepts because they may have different consequences.

I have investigated deservingness and entitlement in recent studies in my research program (Feather, 2002a, 2003; Feather & Johnstone, 2001). In the earliest of these studies Feather and Johnstone (2001) investigated the reactions of nurses in a psychiatric hospital to scenarios in which either a patient who was diagnosed as schizophrenic or a patient diagnosed as suffering from personality disorder behaved aggressively and damaged hospital property. So the patient's action was one that would be evaluated negatively by third-party observers. The nurse in the scenario who witnessed the aggressive behavior either responded in a positive manner by bandaging the client's hand and listening to the patient's problems or negatively by rebuking the patient and having the patient removed from the area where the offense was committed. So the outcome of the patient's aggressive behavior could be positive or negative, depending on how the nurse in the scenario responded. We were interested in how nurses who worked in a psychiatric hospital would respond to the events and outcomes described in these scenarios.

Note that the deservingness model would imply that the nurses would judge each type of patient as deserving a negative outcome and as not deserving a positive outcome, given the patient's offending behavior. The model also implies that these reactions would be stronger when the patient was perceived to be more responsible for the negative action and when attitudes toward the patient and the patient's aggressive behavior were more negative. We assumed that the personality disorder patient would be perceived as more responsible for the negative action when compared with the schizophrenic patient, and that the personality disorder patient would also be evaluated more negatively. The clinical literature supports this assumption (e.g., Gallop, Lancee, & Garfinkel, 1989; Lewis & Appleby, 1988). Taken together with the deservingness model, these assumed differences imply that the schizophrenic patient would be judged to deserve positive treatment more and negative treatment less when compared with the personality disorder patient.

But how does entitlement fit into this analysis? The setting in which the offense occurred was a psychiatric hospital and the norms of the hospital would dictate that patients should be treated in a positive and caring way. The nurses' own occupational training would be consistent with these norms, emphasizing caring for patients and positive reactions that are in the interests of a patient's recovery rather than negative reactions that might impede recovery. In terms of my previous discussion, patients in a hospital are entitled to positive treatment, given the social norms that are operative. They have a right to be cared for. This belief about entitlement

may come into conflict with beliefs about deservingness in a hospital setting. In the study under discussion, we expected that beliefs about entitlement would moderate the way the nurses responded to the scenarios in relation to judgments of deservingness and affective reactions to the positive or negative treatment.

The combination of type of patient (personality disorder, schizophrenic) with type of response by the nurse (positive, negative) meant that there were four different scenarios. The questionnaires containing each type of scenario were randomly distributed among participants. The nurses responded to the scenario they received by using 7-point scales to rate variables that concerned the patient's aggressive action (e.g., the patient's personal responsibility, anger about the patient's aggressive behavior, sympathy for the patient who became aggressive, the patient's perceived blame) and variables that concerned the response of the nurse in the scenario (e.g., the extent to which the patient deserved to be treated in a positive (or negative) manner, positive and negative affective reactions to the nurse's positive (or negative) treatment of the patient).

Figures 2.6 and 2.7 present a selection of the results pertaining respectively to the patient's deservingness and to reported positive affect about the response of the nurse to the patient's aggressive action. Other detailed results are presented in the original report (Feather & Johnstone, 2001). It is clear from Figures 2.6 and 2.7 that the nurses judged each type of patient to deserve the nurse's positive response to the aggressive behavior more than the nurse's negative response, $F(1,82) = 41.06$, $p < .001$. They also reported more positive affect when the nurse responded positively than when the nurse's response was negative, $F(1,82) = 58.58$, $p < .001$. However, these main effects were qualified by highly significant interaction effects; for deservingness, $F(1,82) = 13.71$, $p < .001$; for positive affect, $F(1,82) = 19.88$, $p < .001$. Figures 2.6 and 2.7 show that the nurses judged the schizophrenic patient to deserve positive treatment much more than negative treatment and their affective reactions were much more positive when the schizophrenic patient received positive treatment rather than negative treatment. The corresponding differences were in the same direction for the personality disorder patient but they were much smaller.

Figures 2.6 and 2.7 also show that positive treatment was associated with more deservingness and with more reported positive affect for the schizophrenic patient than for the personality disorder patient, but the direction of the means was reversed for negative treatment. As the means show, neither patient was judged to deserve negative treatment; nor did the nurses report feeling pleased about that type of treatment. However, the personality disorder patient was judged as relatively more deserving of negative treatment, and nurses reported more positive affect about the negative treatment for this patient when compared with the schizophrenic patient.

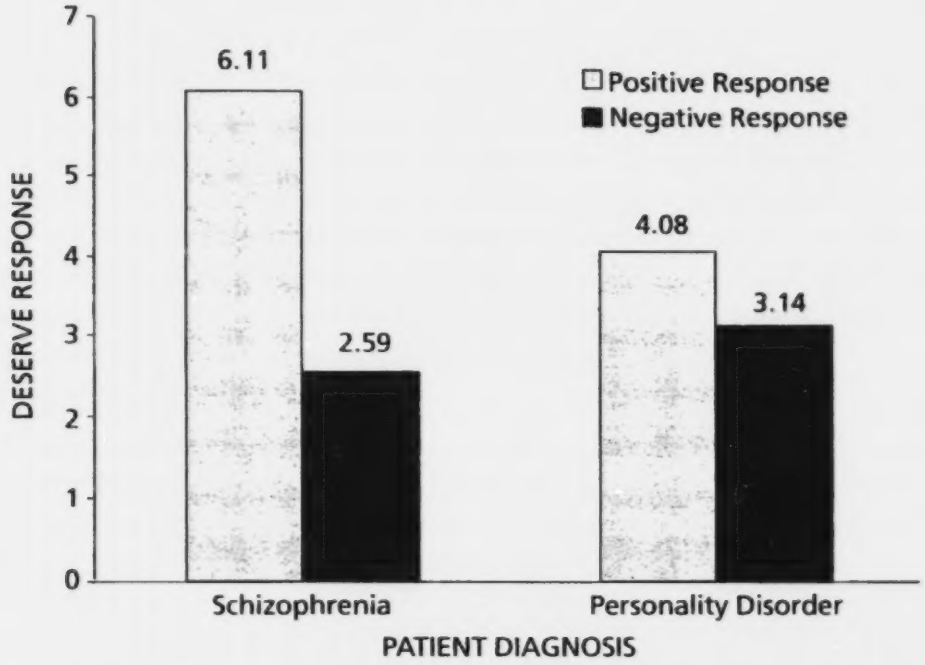

Figure 2.6. Differences in deserve outcome across experimental conditions (Feather, 2002a).

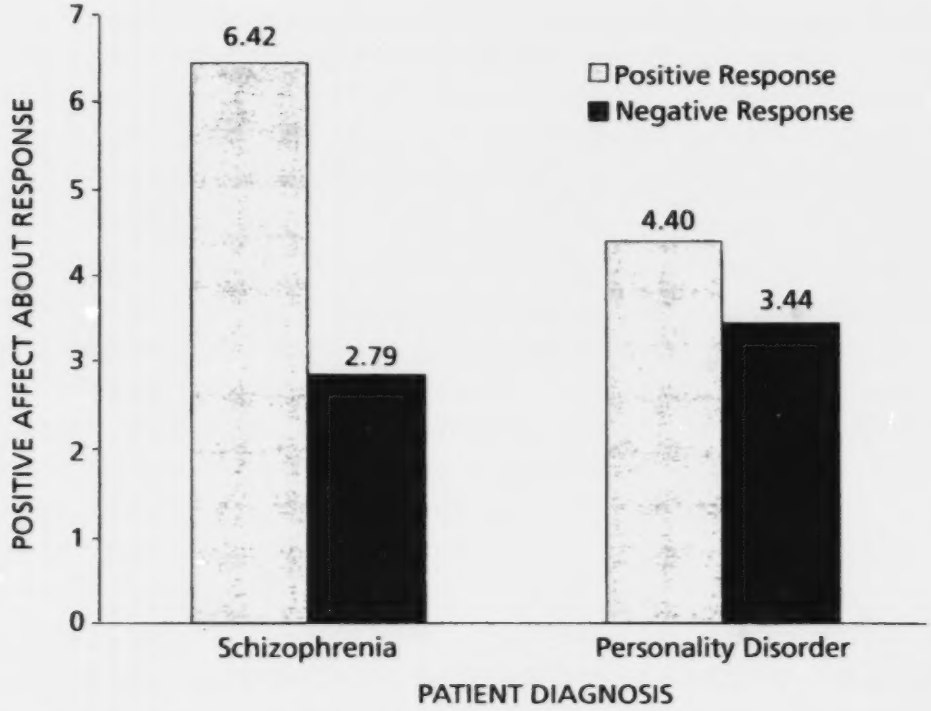

Figure 2.7. Differences in positive affect about outcome across experimental conditions. (Feather, 2002a).

Other results showed that the personality disorder patient was perceived to be more responsible for the aggressive behavior when compared with the schizophrenic patient. The nurses also reported less sympathy and more anger about the aggressive event when it was committed by the personality disorder patient. They also blamed the personality patient more and excused the personality disorder patient less when compared with the schizophrenic patient.

We interpreted these results as indicating that, "the nurses' reactions to the aggressive event occurred within a knowledge structure in which social norms and perceived entitlement as well as beliefs about the defining characteristics of schizophrenic and personality disorder patients were defining components" (Feather & Johnstone, 2001, p. 764). The results were consistent with predictions based upon the deservingness model (Feather, 1999b) but they also signaled that it was important to take account of the strong social norms that concerned entitlement. As predicted, the social norms associated with the subjective culture of the hospital and the role of the nurse affected the way the nurses responded to the scenarios, especially when the nurse in the scenario treated the patient in a negative way. Strong norms to help and care for patients opposed the judgment that the patient deserved a negative response.

This analysis can be extended to other situations in which judgments of entitlement either are compatible with or come into conflict with judgments of deservingness. In the study that I described, deservingness and entitlement were in conflict. The positive response condition was one in which the patient was entitled to positive treatment from the nurse in terms of the prevailing social norms, but did not deserve positive treatment because of the patient's aggressive action. The negative response condition was one in which the patient was entitled to positive treatment but deserved the negative treatment from the nurse because of the aggressive action. However, in other situations deservingness and entitlement may be compatible principles of justice rather than conflicting principles. For example, a person may be judged to deserve a reward by virtue of positive actions and may also be seen to be entitled to positive consideration because the reward was consistent with a set of rules.

Figure 2.8 presents a classification of the different types of conflict and compatibility that may occur between judgments of entitlement and deservingness. The Figure is a simplification because the deservingness judgments are related only to positively or negatively actions and their positively or negatively outcomes. The other variables that are part of the deservingness model are not included (see Feather, 1999b, and my previous discussion).

I also assume in Figure 2.8 that entitlement refers to positive outcomes or rewards and not to negative outcomes or punishments. We may say that

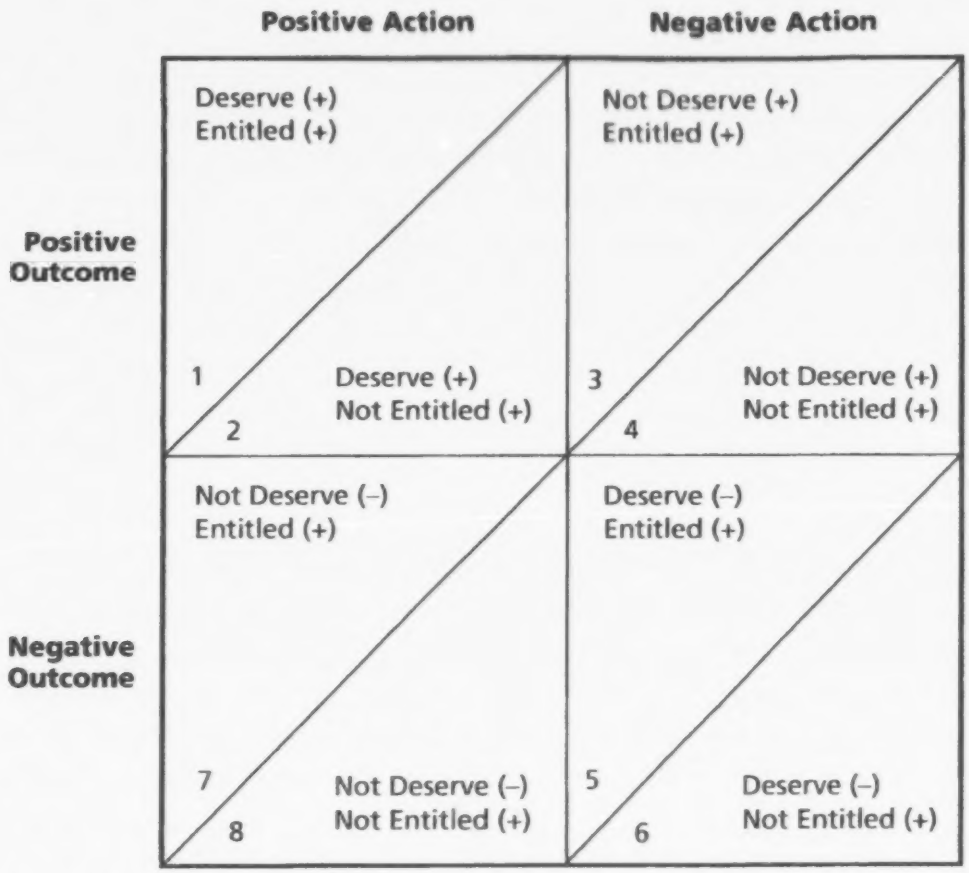

Figure 2.8. Classification of conflicts and compatibilities between deserve or not deserve a positive (+) or negative (–) outcome and entitlement to a positive (+) outcome (Feather & Johnstone, 2001).

a person is entitled either to some positive outcome or to some benefit. For example, an employee in an organization may be deemed to be entitled to fair treatment in a dispute, given the procedures that have been laid down for conflict resolution. Or an employee may be deemed to lack entitlement to use a company car because he or she is not far enough up the status ladder within the organization. Both of these examples involve social norms and codified rules that are an important part of the organization's framework. In contrast, we do not usually say that a person is entitled to some negative treatment or punishment (see also Feinberg, 1970, p. 72). For example, even though the law might prescribe a negative treatment or punishment for a criminal following a guilty verdict, we would not normally say that the criminal was entitled to the penalty that was imposed. More usually we would focus on the criminal's behavior and say that the punishment was deserved, given the criminal's actions and degree of responsibility for the crime that he or she committed. Thus, I prefer to

restrict the use of the terms entitlement or lack of entitlement to positive outcomes or benefits. In contrast, judgments of deservingness or undeservingness may apply to both positive and negative outcomes that follow positively or negatively evaluated actions.

In Figure 2.8 the positive or negative sign in parentheses after the deserve and entitlement variables refers to the outcome. For example, deserve (+) and entitled (+) in Cell 1 refers to a situation where a person both deserves and is entitled to a positive outcome. The person deserves the positive outcome because it follows a positive action; the person is entitled to a positive outcome because of the social norms that are present in the situation. This situation is one where judgments of deservingness and entitlement are in a compatible relation. In contrast, Cell 5 represents a situation where a person deserves a negative outcome (like the patient who behaved aggressively and received negative treatment from the nurse), but is entitled to a positive outcome because of the prevailing social norms (like the right to positive treatment in a hospital). This is a situation where judgments of deservingness and entitlement are in conflict. There are four cells in Figure 2.8 that involve compatible relations. They are Cells 1, 4, 6, and 7. The remaining four cells involve conflicting relations. They are Cells 2, 3, 5, and 8.

There is plenty of scope for investigating compatible and conflicting relations between deservingness and entitlement in organizational contexts. For example, an employee may be judged to deserve to be promoted in an organization because of the positive actions he or she has performed for the benefit of the company, but may not be entitled to a promotion because of the organization's regulations. I have begun to investigate conflicts and compatibilities involving these different justice principles in recent studies that include both measures of deservingness and measures of entitlement. In one study I used scenarios in which an elderly person suffering from an illness had to decide how much money to leave in a will to a son, nephew, or friend who provided him with either help or limited help (Feather, 2003). Whether the legacy left to a beneficiary was perceived to be deserved, depended on how much help the beneficiary provided, i.e., on the person's positive actions. Whether the beneficiary was perceived to be entitled to the legacy depended more on kinship relations, i.e., whether the person was a son, nephew, or friend. A second study investigated a student who was running for election to a national student organization and who exerted either high or low effort in the election campaign and was either eligible or ineligible for election by virtue of regulations concerning age. These two studies represent attempts to manipulate both deservingness and entitlement simultaneously and to observe participants' reactions to different combinations of deservingness and entitlement.

Research on conflicts and compatibilities between deservingness and entitlement could address a wide range of issues within organizations. For example, an employee may be entitled to be promoted by virtue of seniority, gender, or some other principle that is unrelated to performance but that is laid down in a formal contract or policy statement, but he or she may be perceived not to deserve promotion because of inferior performance. More complex cases could involve weighing up different degrees of entitlement and deservingness. For example, consider a case where the perpetrator of an offense involving serious injury to another person was provoked by the victim. A woman who kills her abusive husband in a carefully planned and premeditated attack may be perceived to deserve the maximum sentence for the crime. However, judgments about the woman's deservingness may also depend upon the degree to which the victim was perceived to deserve his fate. In this case perceptions of deservingness would relate to both the perpetrator and the victim. Whether the sentence imposed on the woman was perceived as just would be influenced by both sources of deservingness. The victim's perceived deservingness would be an important mitigating circumstance that might have the effect of reducing the woman's blameworthiness for the offense, thereby influencing judgments about the penalty of sentence that she deserved.

FINAL COMMENTS

Research on justice in organizations has given a lot of attention to procedural justice involving the fairness of procedures (e.g., Folger & Cropanzano, 1998; Lind & Tyler, 1988; Tyler & Kramer, 1996). The theory and research described in this chapter brings in a new focus that is centered on values and the way they affect our judgments of deservingness. It acknowledges that our perceptions are often framed through a lens of personal and social values. Our value priorities influence our perceptions of justice via the specific evaluations that we make about events and their outcomes. In that sense, justice is in the eye of the beholder and shared perceptions of justice will occur when individuals and groups have important values in common. All of this occurs within a social context that involves social norms and beliefs about rights and obligations that define what people are entitled to and what is permitted or not permitted. These normative prescriptions are themselves tied in various ways to the values held by individuals, groups, and larger collectivities, and these values are complex products of social, biological, and psychological forces that relate to human existence and the universal problems that people and societies have to resolve.

I have presented a conceptual analysis of deservingness in which a person's values play an important role in the way they influence the evalua-

tion of actions and outcomes. The form that these evaluations take, along with other variables such as perceived responsibility, ingroup/outgroup relations, and like/dislike relations, are assumed to constitute a structure that is assumed to vary in the degree to which it is balanced or unbalanced according to Heider's (1958) principle. Judgments of deservingness are assumed to be maximal when the structure is completely balanced; otherwise it is assumed that judgments of deservingness and undeservingness will vary in degree. Beliefs about deservingness in turn are assumed to influence affective reactions such as pleasure, anger, and resentment, and to have behavioral consequences. Many of these effects remain to be investigated.

The study of a conflict between two organizations that I described showed that procedural justice, defined in terms of how fairly each organization was perceived to act, was related to value priorities that differed depending on which organization (the union or the employer) was the focus of the judgments. The general point here is that different contexts may activate different values, depending also on how important a value is for each person, and that judgments of the fairness of procedures will therefore depend on contextually related values to some extent. There may be considerable overlap in these judgments among people when individuals and groups share important values and, as indicated previously, the judgments will also be influenced by social norms and rules of entitlement that also have an important basis in the values that people hold to be important.

Our values will also influence judgments and decisions in situations where issues of distributive justice, retributive justice, and interactional or relational justice are of primary concern. I discuss these issues more fully in my book, *Values, Achievement, and Justice* (Feather, 1999b). In the case of distributive justice, where one is concerned with fair allocations of positive or negative outcomes (e.g., benefits or costs), whether a person deserves the outcome becomes an important criterion for the allocation (Feather, 1999b, pp. 247–248). In the case of retributive justice, where punishments for negative actions that lead to negative outcomes (e.g., a crime involving serious injury to another person) are the focus of concern, deservingness is again a key variable. I have shown in a number of studies (e.g., Feather, 1996a, 1998, 2002a) that values enter the picture by influencing the perceived seriousness of the crime and that perceived seriousness together with the perceived responsibility of the perpetrator influenced judgments of the degree to which the perpetrator is perceived to deserve an imposed penalty. I would also expect that interactional or relational justice, referring to the quality of interpersonal treatment when a procedure is being implemented (Bies, 1987, 2001), would be influenced by activated values

and beliefs about deservingness. Benevolence and universalism values (Schwartz, 1992) would be important values to consider.

Note that in all of these cases the specific context would again have an important influence on the judgments that are made. For example, in a study of how third-party observers reacted to offenses committed by a public citizen and by the police (Feather, 1998), I found that those who held strong authoritarian values (Altemeyer, 1981) judged the citizen's offense as more serious when compared with those who were less authoritarian. In contrast, the high authoritarians judged the offense committed by the police as less serious when compared with the low authoritarians. Thus, the values that people held influenced their judgments in different ways depending on the context.

The structural model of deservingness that I presented and the research studies that I described focused on the reactions of third-party observers to the actions and outcomes of other people across a wide range of situations that were assumed to activate values and to provide information relevant to other variables in the deservingness model (e.g., other's perceived responsibility). Another possible focus would be on the reactions of people to their own outcomes (e.g., mistreatment within an organization, layoffs, promotions, etc.). Previously I have proposed that it would be possible to replace other (*o*) by self in the deservingness model (Feather, 1999b, pp. 241–244). One could then represent relations between person (*p*) as observer or judge, and self. For example, does person (*p*) like or dislike self, or perceive self as good or bad? This kind of model would assume a positive unit relation between person and self (self belongs to person) but the other relations in the model would correspond to those in the deservingness model for a third-party observer (Figure 2.2).

A model that incorporates self would provide some interesting predictions concerning how a person responds to his or her own outcomes. Thus, when self is viewed positively by person (*p*) there may be a tendency for *p* to assign more personal deservingness for positive outcomes and less personal deservingness for negative outcomes than when self is viewed negatively. Affective reactions to these outcomes would tend to follow these judgments of deservingness. A positively valued or liked self may also be perceived by *p* to be more responsible for positive outcomes and less responsible for negative outcomes when compared with a negatively valued or disliked self. Within an organization, a person's affective reactions such as pride, guilt and shame would depend on that person's positive or negative view of self, on the person's evaluation of the actions that led to a positive or negative outcome, and on the degree of perceived responsibility for the action and its contingent outcome (see Feather, 1999b, pp. 243–244).

For example, feelings of pride about some achievement would be more likely to occur when a person has positive rather than negative self-regard

and when *p* sees self as responsible for a success that follows a positively valued action (e.g., hard work). Again, the positive evaluation of the action and the outcome would depend on underlying values (such as achievement or power values, or on other values, depending on the situation).

It is clear that we need more research concerned with how values and deservingness operate at the organizational level and also research dealing with the effects of perceived entitlement. We have studies conducted on value climate and organizational culture (e.g., Hofstede, 2001) but the link between values and perceptions of justice has been largely ignored in organizational research. My theoretical approach provides a framework for conceptualizing that link and opens up many new areas of enquiry. For example, how do beliefs about deservingness influence the allocation of rewards (such as promotions) within an organization? What role do beliefs about entitlement play in these decisions? How do values and deservingness affect the way conflicts are resolved both between and within organizations? How do values and beliefs about deservingness affect performance evaluations and decisions about proposed redundancies? What specific values make up an organizational culture and do they vary according to different parts of an organization, thereby affecting judgments of deservingness? How do feelings of envy and resentment relate to beliefs about deservingness and how do they affect our reactions to people who occupy different status positions within an organization? How do beliefs about deservingness and entitlement affect affirmative action policies and decisions?

The research that I described in the present chapter has made progress on some of these questions and other studies in my research program have also contributed. In a recent study, for example, Feather and Sherman (2002) showed that resentment about another person's status was linked to judgments that the other did not deserve his or her present position, and that resentment rather than envy fueled a wish to "cut down" or denigrate an undeserving other as well as feelings of pleasure (or *Schadenfreude*) when that other suffered a fall or negative outcome. The new feature of this study was to bring in affective variables such as resentment that relate to perceptions of deservingness and that would be expected to influence subsequent behavior and affective reactions to outcomes. The results are consistent with recent research by Carlsmith, Darley, and Robinson (2002) within the framework of retributive justice theory. They included a measure of moral outrage in their studies as well as variables that they assumed were linked to deservingness. We may assume that moral outrage involves resentment and is linked to the violation of values. Carlsmith et al. found that moral outrage was associated with variables that were linked to just deserts and that individual sentencing decisions were driven by moral outrage and just deserts concerns (see also Darley, 2002).

Much more needs to be done to show how values and beliefs about deservingness and entitlement influence behaviors in organizations. This research should use a range of procedures and involve field studies as well as controlled experiments. In keeping with the research that I have described, it should also be guided by theory.

ACKNOWLEDGMENT

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CHAPTER 3

SOCIAL IDENTITY AND FAIRNESS JUDGEMENTS

Tom R. Tyler and Steven L. Blader

ABSTRACT

Research in organizational settings makes clear that people care a great deal about the fairness of the procedures within their organizations. This chapter explores the nature of these fairness effects and argues that they reflect the important role that identity concerns play in organizational settings. In particular, people draw their identity more strongly from groups and organizations when they view those groups and organizations as managed through fair procedures. Those who are more strongly identified with groups and organizations, in turn, develop more favorable attitudes and values, as well as engaging in more cooperative behavior.

INTRODUCTION

In this chapter, we consider the key role that social identity concerns play in organizations. We do so by examining how these concerns relate to the important and growing research area of organizational justice. More specifically, we argue that an understanding of social identity dynamics in

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organizations is vital for explaining several important issues in organizational justice research.

Our discussion of social identity focuses on those concerns that employees have about being accepted as members of their work organizations. The underlying premise of this discussion, of course, is that organizations can play an important role in how employees think of and define themselves, and thus employees are sensitive to their sense of inclusion in the social dynamics of the organization. As a consequence, they are sensitive consumers of information that helps them to evaluate their social roles in their organizations, and they react in strong ways to those evaluations.

This dynamic of social information seeking and reacting provides the foundation that we use to address three questions that are central to the field of organizational justice. Our perspective on these three questions comes from our group engagement model (presented in *Cooperation in Groups*, Tyler & Blader, 2000). The issues we address are: (1) Why are organizational practitioners and psychologists concerned about justice?; (2) Why do employees care about justice in their work places?; and (3) How do employees evaluate fairness? In addressing these three issues our general goal is to demonstrate the ways that organizational justice contributes to our general understanding of social identity processes in groups, organizations, and societies.

WHY ARE ORGANIZATIONAL PRACTITIONERS AND PSYCHOLOGISTS CONCERNED ABOUT JUSTICE?

The term organizational justice was first coined by Jerry Greenberg (1987). It refers to the study of justice dynamics within work organizations. The origins of organizational justice, however, lie in the earlier work of Stacy Adams, who was the original pioneer of this field with his work on equity theory. In recent years it has become an exciting and vibrant field, as evidenced by the chapters in Greenberg and Cropanzano's *Advances in Organizational Justice* (Greenberg & Cropanzano, 2001); by other recent and upcoming volumes on the topic (Cropanzano, 2001; Folger & Cropanzano, 1998; Gilliland, Steiner, & Skarlicki, 2001; Greenberg & Colquitt, in preparation); and by the vast number of research articles published in the last few years. While research on justice has been applied broadly, including advances in research in legal and political arenas, educational settings, families, and work organizations (Tyler, Boeckmann, Smith, & Huo, 1997; Tyler & Huo, 2002), in this chapter we focus on the study of work organizations. Given the centrality of work in people's lives, this is clearly an important domain in which to examine and develop justice theory.

The key to understanding the importance that organizational justice has come to occupy within the general field of organizational psychology and organizational behavior lies in asking: "What behaviors matter within groups, organizations, and societies?" Answers to this question have consistently been linked to justice evaluations and concerns. That is, research typically finds that the occurrence of important organizational behaviors depends on the degree to which employees feel that their work organization is ethical and fair.

More broadly, we propose that justice research gains prominence when the social issues that are central to society are illuminated by justice-based explanations. As evidence of this, we point to the historical role of various societal issues in highlighting the significance of justice constructs. For instance, the American urban riots in the 1960s were largely responsible for raising relative deprivation theories to prominence. Widespread workplace dissatisfaction with pay and promotions were important in leading Stacy Adams to study distributive justice and in bringing equity theory to the forefront of our attention. Similarly, problems with effective third party conflict resolution efforts led John Thibaut, a psychologist, and Laurens Walker, a lawyer, to collaborate, study, and make more prominent issues of procedural justice (Thibaut & Walker, 1975). And, more recently, mounting public concerns about crime and criminals have breathed new life into the study of retributive justice. In each case, the study of the role of justice in social phenomena has become important because society has recognized a need to understand why people were behaving in particular ways.

Societal concerns have also had an important role in shaping the behaviors studied by organizational psychologists. The important work of Stacy Adams on equity theory has already been mentioned (Adams, 1965). More recently, large literatures have developed on the impact of the fairness of layoff procedures on the victims and survivors of layoffs and on the dynamics of justice in work teams. Similarly, recent headlines about corporate accounting scandals have been followed with a surge of interest in the study of corporate responsibility and ethics. These examples show that research literatures develop in the attempt to explain behaviors that emerge as important within work organizations.

Certainly one behavior that is regarded as important by organizational practitioners and psychologists is the cooperation of employees with their work organizations. This issue has been shown to also have important links with justice. Specifically, within the field of organizational justice it has been demonstrated through an impressive number of studies that procedural justice consistently shapes various forms of employee cooperation. As one example, consider the quality of work performance. Employees who judge their workplace to be fair are found to do their jobs better—i.e., they engage in higher quality in-role behavior. In addition, they are more likely

to engage in voluntary extra-role behaviors that also help their organization to do well. In fact, what is impressive about procedural justice is how well it explains a wide variety of organizationally relevant behaviors. There are hundreds of studies showing that procedural justice matters for determining employees' behavior at work.

At the same time a large and similarly compelling empirical literature has developed in the area of regulation. Building on the work of Thibaut and Walker (1975) a number of studies have shown that procedural justice influences the willingness to accept decisions made by third parties, both immediately and in the long-term (Lind & Tyler, 1988). Procedural justice judgments likewise shape everyday rule following (Tyler, 1990) and influence the evaluation of legal authorities (Tyler, Casper, & Fisher, 1989). This work links procedural justice to another important social issue—getting people to obey group rules and laws. Thus, the goal of achieving rule following and decision acceptance by employees also calls attention to issues of procedural justice, since these justice evaluations may be important antecedents of this class of organizational behaviors as well.

While both the study of procedural justice in work organizations and the study of decision acceptance and rule following in legal settings are vibrant and active fields, it is striking how independently they have developed. Most researchers are primarily aware of work within their own field, in spite of the similarity of the issues being addressed and the social dynamics being uncovered. In developing the group engagement model (Tyler & Blader, 2000), our goal was to try to create a conceptual framework bridging across these subareas that would bring a common psychological vocabulary to all of those examining procedural justice concerns. We argue that the core goal uniting these fields is a desire to understand the motivation leading to cooperative behavior by group members. Such cooperative behavior may be manifest either as accordance with group rules or as working hard on behalf of the group.

In sum, organizational scholars focus on procedural justice because we find that whether or not employees judge their workplace to be fair or unfair has important consequences for the viability and effectiveness of work organizations. When employees experience their workplace as fair they engage in a wide variety of desirable behaviors. We have reviewed this literature elsewhere (Tyler & Blader, 2000), and recent meta-analyses have empirically documented the same conclusion (Cohen-Charash & Spector, 2001; Colquitt, Conlon, Wesson, Porter, & Ng, 2001). Thus, we will not detail the findings that support these assertions here.

Rather than simply reviewing the variety of important organizational behaviors that have been linked to procedural justice, we would like to argue that what is needed is a clear theoretical statement categorizing organizationally relevant behaviors. Without an effort to place behaviors into

some type of conceptual framework, our field is churning out a long list of behaviors that are shaped by procedural justice. This does not advance theory, since we do not have a framework for relating these behaviors together. We cannot predict in advance, for example, whether effects will generalize to new behaviors, since we do not have a framework for understanding whether particular behaviors share a common conceptual category. This lack of a theoretical framework for organizing the dependent variables presents especially significant problems to the agenda of this chapter—that of linking social identity concerns and organizational justice, since those concerns are likely to manifest themselves differently depending on the type of dependent variable in question.

Consider a concrete example. Recent studies have talked about antisocial behavior (Giacalone & Greenberg, 1997), theft (Greenberg, 1990), retaliation (Skarlicki & Folger, 1997), derogation (Skarlicki, Ellard, & Kelln, 1998), revenge (Bies, Tripp, & Kramer, 1997), claiming (Lind, 1997) and litigation (Sitkin & Bies, 1994) and other similar types of behavior. Without a conceptual framework, it is hard to know whether these various issues should be viewed as distinct or as examples of one class of organizational behavior impacted by procedural justice. Further, without an organizing scheme for the dependent variables believed to be linked to procedural justice, we have little basis for knowing where and when fairness evaluations will matter.

We argue that addressing this issue involves both constructing a theoretically-based taxonomy of behaviors linked to procedural justice and developing a stronger understanding of *why* procedural justice has its effects. In the section below, we propose one such taxonomy of these dependent variables. We then address the second issue—that of why procedural justice has its effects on such a wide variety of cooperative behaviors—in a subsequent section of this chapter ("Why do employees care about procedural justice?").

HOW CAN WE ORGANIZE THE CONSEQUENCES OF PROCEDURAL JUSTICE?

In the group engagement model, we attempt to develop a conceptual model for organizing cooperative behaviors by employees. We do so by identifying two key dimensions along which the cooperative behaviors linked to procedural justice can be differentiated. The first dimension we identify refers to the *function* of the behavior. Within organizations, it is hoped that employees will engage in two different types of behaviors. On the one hand, they are asked to follow organizational rules. Organizations want employees to follow organizational policies and not to engage in

activities such as stealing supplies. This class of behaviors involves *not* engaging in activities that are bad for the group.

Second, people are asked to do things that proactively help the group. These involve engaging in behaviors that help to complete group tasks and to pursue group objectives. People who sit at their desk all day not stealing office supplies may be ideal "organizational citizens," but they are not ideal workers. We also want workers to do their job—to engage in actions that help the group. So there are two types of behavior to be concerned with: undesirable behaviors that we want employees not to engage in and desirable behaviors that we do want employees to engage in.

The second distinction is between two *sources* of behavior—mandatory (required) and discretionary (voluntary) behavior. Each of the two functional behaviors we have outlined can originate with either of two sources. Mandatory behavior is behavior that originates within the organization. It is behavior that is "mandated" by the organization, in a literal sense. Discretionary behavior involves behaviors that are voluntary and whose occurrence is not clearly specified by organizational guidelines. Rather, discretionary behaviors originate with individuals, in their views about what needs to be done and in their desires of whether to do things for or against their organization. One important implication of placing the motivational impetus for discretionary behavior outside of the organization and in the person is that incentives or sanctions are less likely to be specifically associated with that behavior. Consequently, encouraging their occurrence does not consume organizational resources with issues such as monitoring employee behavior, since employees are self-regulating in their engagement in discretionary behavior.

Once we make this distinction, it becomes clear that it is discretionary behaviors that provide the greatest potential for increasing cooperation within work, legal, and political organizations. This is true because these behaviors are understudied relative to mandatory behaviors, because they are often not the focus of managerial efforts, and because they do not consume (and are therefore not contingent on) organizational resources for incentives and monitoring. In all of these settings there has been increased attention given to understanding how to encourage the occurrence of behaviors that are not clearly specified by the organization. This emphasis is because such behaviors are key to the vibrancy and success of those groups. It would be difficult for organizations to specify what employees should do in all the circumstances that arise in the work place, so the flexibility of organizations is contingent on employees' ability to adapt to new circumstances. Further, employee cooperation can most reliably be counted upon when it is discretionary in nature. When organizations face difficult times and are least able to provide incentives for the performance

of mandatory behaviors is when employees' discretionary behavior is of utmost importance to organizational viability.

As the workplace changes from an assembly line type model, with clearly specifiable in-role behaviors and authorities to monitor their occurrence, to a more flexible and creative model of work in environments with reduced authority structures, there has been greater research attention directed toward the motivations underlying employee willingness to voluntarily engage in desirable behaviors. This includes both rule following behaviors without control and surveillance and more proactive behaviors that promote the goals of the work organization (e.g., extra-role behavior). The more employees engage in such self-regulating rule following and active pursuit of organizational goals, the more viable and successful the organization is likely to be. Hence, discretionary behavior has the potential to promote desirable behavior in organizations.

In our attempts to understand discretionary behavior, we have directed our attention to the internal motivations that elicit this form of cooperation (Tyler & Blader, 2001). Internal motivations are critical to discretionary behavior since that behavior originates with the individual and not the organization. Therefore, it reflects the person's internal drives. The group engagement model identifies two sources of internal motivation: attitudes and values. Attitudes reflect the way that people feel about various aspects of their work organizations—which in turn affects what they want to do—while values reflect the things that people feel obligated or responsible for doing.

It is here that social identity—the focus of this chapter—becomes particularly relevant, because we further argue in the group engagement model that social identity-related constructs are key antecedents of these internal motivations and of cooperative behavior within organizations. Therefore, the differentiation between mandatory and discretionary behavior leads to a clear understanding of the nature of one key contribution of social identity to organizations (Tyler & Blader, 2001).

However, the group engagement model makes an additional argument. It argues that procedural justice is a central determinant of these social identity constructs. In other words, the group engagement model advocates the view that procedural justice engenders a sense of social identification with the group, which in turn influences internal motivations and thus cooperation (especially discretionary cooperation) with the organization. Therefore, procedural justice lies at the heart of discretionary cooperation, because of its linkages with social identity and internal motivations. Since most justice research focuses on the connection between justice and cooperation, we will elaborate on the group engagement model's perspective by starting with that relationship. Later, we will more fully demonstrate the focal role of social identity in the model.

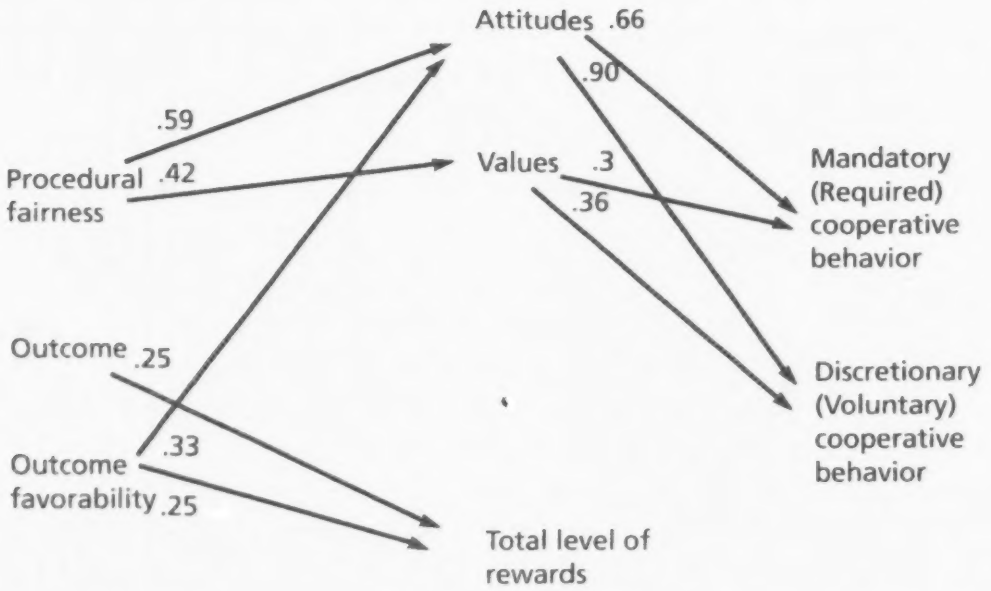

Figure 3.1. The antecedents of cooperative behavior (404 employees; NFI = 0.95; CFI = 0.95).

Consider one example drawn from a survey of 404 employees that we conducted (Tyler & Blader, 2000). In our study we explored the antecedents of attitudes, values and cooperative behavior. Those antecedents are rooted in judgments about the fairness of the work organization. Figure 3.1 shows the results of a structural equation model in which attitudes and values are potential mediators of the relationship between procedural fairness and cooperative behavior. As the model indicates, the influence of procedural justice on cooperative behavior is mediated by internal motivations (i.e., attitudes and values).

As Figure 3.1 shows, procedural justice is especially interesting because of the link it has with voluntary behavior. That is, the influence of attitudes and values, which primarily have their roots in procedural justice, is especially strong with regard to discretionary behavior.

Comparing this influence to the impact on mandatory (required) behavior illustrates this key point clearly. People are most likely to engage in discretionary (voluntary) behavior as a reaction to working in a workplace that they perceive as fair.

These findings do not focus on the distinction between promoting desired behavior and limiting undesired behavior, but we can also make a point about this functional distinction. While the study of limiting undesired behavior has been central to the study of law and social regulation, it has been generally unstudied within organizational psychology. This framework provides a way of uniting the study of issues involving rule

breaking, retaliation, and antisocial behavior within one conceptual framework.

As this analysis illustrates, one advantage of building a conceptual model is that it points to areas in which we might be doing research. In this case, it draws our attention to the lack of thinking about limiting undesired behavior that has occurred within organizational psychology. Instead, organizational psychology has focused more strongly upon promoting desired workplace behavior. Interestingly, when we bring these two types of behavior into a common model, we find that the dynamics in this new area are similar to those found when organizational psychologists have studied in-role and extra-role behavior (i.e., promoting desired behaviors).

We do not claim that the framework of the group engagement model exhausts the set of conceptual issues that might potentially be studied. But we do intend to highlight the point that the field of organizational justice needs to pay more attention to theories and models of organizational dynamics. It is within the framework of those theories that we can best identify the organizational behaviors that ought to be the focus of our concern.

No doubt other important behaviors besides employee cooperation can also be identified and studied. Without rooting the behaviors we study in some model of organizational dynamics we run the risk of creating a disorganized laundry list of dependent variables, without any way of knowing how they are related to one another or to justice. Our sense about which behaviors "matter," in other words, should be embedded in a model of organizational dynamics. Further, by understanding the psychology underlying procedural justice effects, we can develop better theories about where and when these effects should emerge. This leads us directly to the second question we address in this chapter, the question of why employees care about justice in their work places.

WHY DO EMPLOYEES CARE ABOUT JUSTICE IN THE WORK PLACE?

Developing an understanding of why organizational researchers have come to focus on procedural justice does not address a more fundamental question: why do employees care about justice? In other words, what drives the effects that have brought researchers' attention to questions of procedural justice? Why is employees' willingness to cooperate with organizations shaped by the procedural justice they associate with those organizations? After all, people could potentially react to a wide variety of aspects of their work environments, including the degree to which they receive fair or favorable pay, promotions and work assignments. In fact, the

belief that these outcome issues would dominate reactions to work organizations is the central argument of theories of distributive justice.

We need to consider what motivates employees to seek and utilize a particular type of information about their organizations, when they are free to choose among a variety of cues. Why do employees put great weight on the issue of procedural justice, rather than on information about outcome favorability and outcome fairness? The answer to this question lies in understanding what employees care about in their relationship with their work organization. Toward that end, we consider two basic theories that describe the linkage between people and groups. One is social exchange theory, and the other is social identity theory. While other theories have been developed to try and explain why employees care about procedural justice (e.g., the morality perspective, Cropanzano & Rupp, 2002; Folger, 1998, 2001), it is social exchange and social identity theories that specifically consider the relationship between groups and group members. As such, we restrict our discussion to these two theories (for a broader discussion and comparison of the various theories about why employees care about procedural justice, see Blader & Tyler, in press).

Social exchange theory emphasizes the material or instrumental nature of the linkage between people and groups. Traditionally, organizational theorists have adopted a social exchange perspective and tended to assume that people are concerned and uncertain about whether they are receiving fair or favorable resources and other outcomes from their group. People relinquish some degree of behavioral freedom in order to join groups, and do not like to believe that they are systematically disadvantaged by group membership. The social exchange model suggests that people will cooperate with groups to the extent that they believe they are receiving valued resources from those groups.

This model can be contrasted to the social identity model. The social identity model suggests that people develop their sense of self (i.e., their identity) from the groups and organizations to which they belong. The degree to which organization-based identity impacts one's sense of self is indexed by their identification with the organization (the degree of cognitive merging of self and group). When identification with the organization is strong, people have a stake in their relationship with the organization and in the status of the organization. More specifically, when identification is strong, employees can develop a more positive sense of self by inferring high status regarding the organization and their relationship to it. As people strive to achieve and maintain a high sense of status, they are predicted to cooperate with the organization since such cooperation can positively impact both the status of the group and their status in the group. The group's success and the success of the individual within the group become

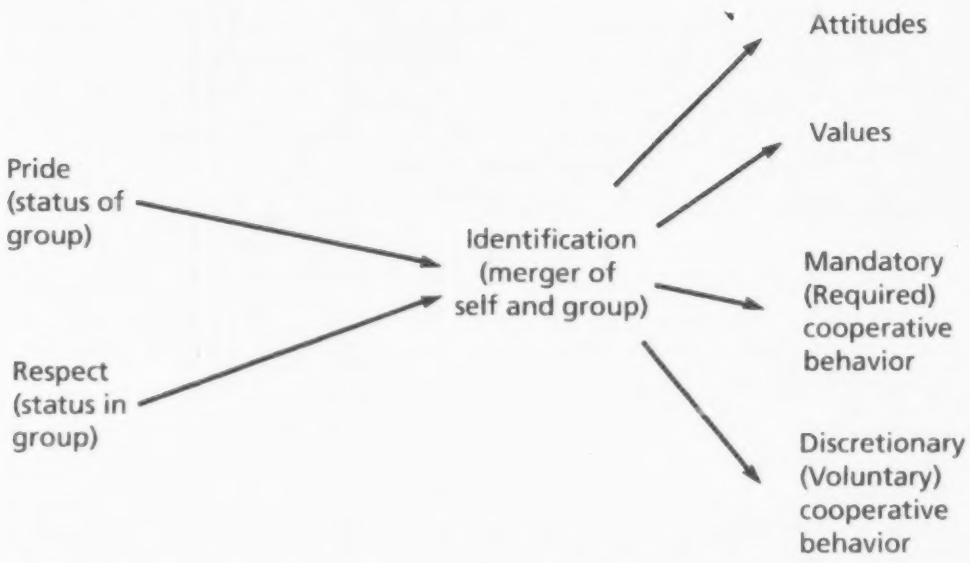

Figure 3.2. Conceptual model.

tantamount to holding a positive view of oneself, at least when one is highly identified with their work organization.

Our recent work builds upon the idea that identity is the key issue, and characterizes these two status indicators—pride and respect—as identity elements of people's relationship to organizations. Pride reflects the status of the group; respect, status in the group. We argue that pride and respect join with identification in shaping identity-related motivations to cooperation (Tyler & Blader, 2001). The model underlying our work is shown in Figure 3.2.

While we make a conceptual distinction—such as that suggested by the model in Figure 3.2—between identification, pride, and respect, we treat them here as three indicators of the latent variable of "identity," since each contributes to the identity implications of group membership. We argue that these identity-related constructs (pride, respect and identification) all motivate employees to cooperate with the group and to hold attitudes and values that foster cooperation. They do so as people strive to achieve and maintain a positive sense of self via a positive relational connection to their organizations.

Findings from our work, shown in Figure 3.3, suggest that both the resource and the identity models have validity, in the sense that the factors identified by both models shape cooperative behavior in organizations (Tyler & Blader, 2001). However, identity and status concerns seem to be the key antecedents of the discretionary behaviors that we have labeled as central to organizational concerns, because they directly shape cooperation. Resource judgments only shape cooperation indirectly, via their

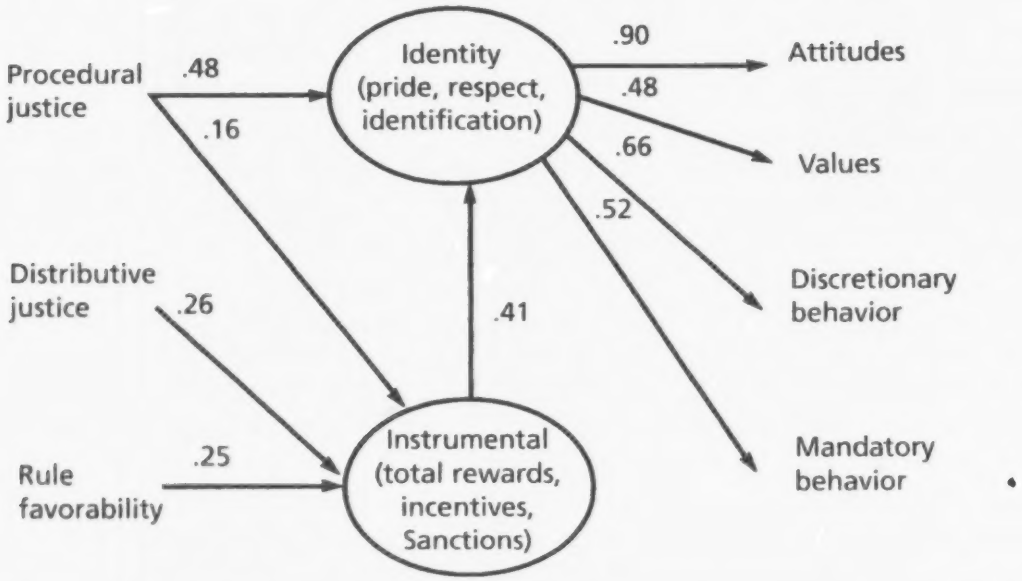

Figure 3.3. Identification as a mediator (Tyler & Blader, 2000)

influence on identity. Identity/status issues matter to organizations because people's status and identity assessments shape the extent to which they engage in the discretionary cooperative behavior that is so valued by organizations. The results of our research suggest that the best approach organizations can adopt for encouraging discretionary behaviors is to pay close attention to identity and status concerns.

With all this discussion of status, identity and social exchange, it may appear that we've lost track of our second central question. Indeed, why is it that employees seek information about, and more generally care about, procedural justice? The answer lies in the connection between procedural justice and the identity constructs (identification, pride, respect) outlined above. Studies of procedural justice suggest that procedural justice draws much of its power from the important role that it plays in influencing identity judgments (i.e., their assessments of status and their identification with the group). We find that people's identities are shaped by whether they think that their groups function fairly. Therefore, when employees perceive their work organizations as procedurally fair, they view the status of the organization more positively; they see themselves as respected members of that organization; and they merge their identity more fully into the organization. Procedural fairness, in other words, plays a role in the construction of a positive identity. People attend to this information, we postulate, in the service of constructing such desirable identities.

It is important to emphasize the degree to which this robust and reliable finding runs against most people's intuitions about organizations. Think

about your own views about what leads you to feel that you are proud of your work organization and that the organization values and respects you. Do you not intuitively assume that issues such as pay, office and lab size, and other material benefits define your relationship to your work organization? The findings of our research are quite contrary to this seemingly obvious truth. We find that it is the procedural justice of the work environment—the way that the organization makes decisions and functions—that shapes both pride in one's organization and the feeling that one is respected and valued by one's organization.

This finding addresses the key issue we raised earlier—what is it that people are uncertain about when they are in organizational contexts? Our results indicate that employees are uncertain about status and identity issues. Peoples strong reactions to their evaluations of the procedural justice of their workplace suggest that it is identity-based uncertainty that people are seeking to address. The personal implications of procedural justice flow from the finding that procedural justice communicates information about status; status information, in turn, is used in their construction of their identities.

The model shown in Figure 3.3 makes clear why employees focus on procedural justice more strongly than they do on assessments of outcome favorability or outcome fairness. Procedural justice directly influences pride, respect, and identification. Hence, it provides the most useful information for helping people to address the question about which they are interested—how psychologically connected should they become with the organization in the process of constructing their identities. The potency of organization-based identity issues is compellingly demonstrated in the clear link between those evaluations and cooperation.

Figure 3.3 also makes an important statement regarding the counterintuitive nature of these findings. We noted that people's first intuition is to think that material issues dictate their connection to their work organizations. The current findings clearly indicate otherwise. While researchers have noted that people overestimate the role of material concerns (Miller, 2000; Miller & Ratner, 1998) and that people are poor "intuitive scientists" (Nisbett & Ross, 1980), are employees actually so misguided about what determines how they relate to their organizations? Figure 3.3 suggests that they are not completely off-base in their intuitions. People are influenced by material issues, such as the amount of money that they make. That influence is an indirect one, mediated by status and identity concerns. Status and identity are determined, to some extent, by financial rewards. It is interesting, however, that financial rewards influence cooperation in our data only insofar as they influence identity and status. Perhaps even more important, procedural justice judgments have at least as strong an impact as material concerns in shaping status.

When examining Figure 3.3 it is important to note that it is not identical to Figure 3.1 or Figure 3.2. In Figures 3.1 and 3.2, attitudes and values are suggested to cause behavior, while in Figure 3.3 attitudes, values, and discretionary/mandatory behavior are all treated as one group. The simpler model shown in Figure 3.3 does not delineate the relationship between attitudes, values, and discretionary/mandatory behavior because the purpose of the analysis is to show support for the identity mediation argument. However, that argument can be further elaborated as is shown in Figures 1 and 2 to distinguish between these components. When we do so, we predict that identity will shape attitudes and values which, in turn, will influence discretionary behavior. In addition, identity will have direct influences on mandatory and discretionary behaviors.

The findings of the study we have outlined strongly support the value of an identity-based conception of why people want procedural justice. They further suggest the importance of looking at this question within a theoretical framework that draws from social psychological models that describe the motivations underlying the connection between people and groups. The findings that emerge from such a theoretical analysis provide insights with implications far broader than just justice research. They speak to the general nature of people's connections to groups. They also address and highlight the key role that social identity concerns play in employees' organizational relationships.

Taking a theoretical approach to understanding why people care about whether or not the procedures used in groups are fair is not new. The classic work of Thibaut and Walker (1975) is similarly theoretical, and roots the desire for procedural justice in the desire to have control (direct or indirect) over one's outcomes. We see it as critical to use theory to understand the function that procedural justice serves for people. However, we argue that the findings outlined in this chapter reinforce the suggestion of earlier research that Thibaut and Walker's control model is not a correct model of why people value procedural justice. Their model roots the desire for procedural justice in a desire for control over outcomes and not in issues of social identity. The results we report find no direct connection between outcomes and attitudes, values, and cooperative behaviors. Rather, they find that it is identity that shapes attitudes, values, and cooperative behaviors. And, more to the point, identity mediates the impact of procedural justice on attitudes, values, and cooperative behaviors, while resource/outcome concerns do not.

There are a variety of other types of evidence that support an identity-based model of procedural justice, which we will not outline here (see Tyler, 1999). Studies consistently find that people's concern for procedural justice is greater when the identity implications of group membership matter more—for example, when they are members of and identify strongly

with the group (Brockner, Tyler, & Cooper-Schneider, 1992; Van Prooijen, Van den Bos, & Wilke, in press). Further, studies find that people's self-esteem is influenced by whether they experience fair procedures, but only when their experience is identity-relevant. These, and a variety of other findings, also support the argument that procedural justice and identity are linked for people in groups.

HOW DO EMPLOYEES EVALUATE FAIRNESS?

The third issue we would like to address arises when we seek to implement the procedural justice findings outlined above. That issue involves understanding the factors that influence judgments of procedural justice. Here our concern is with what leads people to think that an organization is procedurally fair. Addressing this concern makes it possible to move from the finding that procedural justice has organizational consequences to a discussion of how to build organizations that will enhance procedural justice feelings among the members of the organization. Managers who know that procedural justice matters, in other words, must still engage in particular behaviors to be viewed as fair by their employees. Ideally, we can indicate in advance what those behaviors should be.

Not surprisingly, early justice research that addressed the issue of how employees define fairness reflected the prevailing understanding of why procedural justice mattered. As we discussed above, our understanding of why procedural justice matters was previously dominated by social exchange approaches and, in particular, by Thibaut and Walker's control model. No doubt, past research was too heavily influenced by Thibaut and Walker's views about how people define fairness. Their work was the primary empirical research on procedural justice, and it had a major role in shaping later studies of procedural justice. Thibaut and Walker's view of procedural justice focused on decision making as the key procedural issue, with a particular emphasis on issues of participation and voice. This emphasis reflected their overriding perspective that people cared about procedural justice because fair processes enabled them to influence decision making; consequently, they defined procedural fairness in terms of the amount of participation allowed by decision making processes.

We credit many people, but in particular Bob Bies, for emphasizing the limits of an exclusive focus on the fairness of decision-making issues when thinking about justice (procedural or not) (e.g., Bies, 2001). Earlier efforts, particularly the conceptual framework articulated by Leventhal (1980), also suggested considering factors other than decision making issues. Leventhal included in his model of the antecedents of procedural justice a concern with "ethicality"—treatment consistent with the underly-

ing moral principles within a group. The exact meaning of this somewhat vague term is unclear. However, Tyler operationalized these moral concerns as including both treating people with dignity and respect and showing recognition of people's rights (Tyler, 1988). These concerns touch upon what researchers often mean by interactional justice.

If we had begun by basing our models of the antecedents of procedural justice on Leventhal's model, the history of procedural justice would be different. Quality of treatment would then have been included in our procedural justice models from the beginning, therefore broadening the range of concerns investigated by procedural justice researchers early on. Unfortunately, this was not the case, and the implications of this inattention to alternative conceptions of justice are still evident in the focus of procedural justice research today.

While we can never be sure what drives such trends, two likely causes of the neglect of Leventhal seem plausible. First, Leventhal's work was not empirical and, furthermore, it was not linked to a model of organizational dynamics. It consequently did not have the impact that it might have had were it empirically validated or theoretically associated with a broader understanding of organizational functioning. Second, Thibaut and Walker's conceptualization of procedural justice was more directly and explicitly linked to outcomes than are the various facets of Leventhal's work, and therefore was in accord with the predominant understanding of organizational behavior as rooted in material concerns. Later we will more closely consider the implications of the presumed dominance of material concerns on justice research. For these and perhaps other reasons, a narrow decision-making focused view of procedural justice shaped early work in this area.

THE FOUR COMPONENT MODEL OF PROCEDURAL JUSTICE

In some recent research, we have developed a theoretical model that incorporates current thinking about how employees may define process fairness; that model is the four component model of procedural justice (Blader & Tyler, 2003a, 2003b; Tyler & Blader, 2000). The goal of this model is to identify the component judgments that relate to more general procedural justice evaluations, and therefore to understand what underlies the overall evaluation of process fairness. Importantly, the model reflects the findings of the research reviewed earlier, which shows that social identity concerns are central to understanding procedural justice effects. In other words, it incorporates the view that we need to be attentive to employees' social identity concerns as we develop a model of how they define process fairness.

The four component framework we propose develops two core distinctions rooted in organizational theory: procedural function and source of a procedure. The first distinction of the model differentiates between decision making and quality of treatment functions of procedures. That is, it points out that employees use various aspects of procedures to evaluate the fairness of either (1) decision making or (2) quality of treatment. It draws on Bales (1958) differentiation between the two core issues addressed by groups, task functions and socioemotional functions (Forsyth, 1999), which may also be conceptualized as production vs. relational (group well-being and member support) functions (McGrath, 1991). The second distinction distinguishes between two sources of experience about procedures: the actions of particular individuals, often personally experienced, and the policies, rules, and prevailing norms of a group. These policies and rules are typically personally experienced through the actions of particular individuals.

We feel that these distinctions can be usefully employed as a framework within which to organize the antecedents of procedural justice. The framework is shown in Table 3.1. As that Table indicates, the model crosses the functional distinction rooted in Bales' work with the source distinction, resulting in four component evaluations that together are believed to capture the breadth of the procedural justice construct. We refer to this framework as the four component model of procedural justice.

Table 3.1. The Four Component Model of Procedural Justice

	Procedural Fucntion	
Source of Procedure	*Task*	*Socioemotional*
Work organization	Formal decision making	Formal quality of treatment
Supervisor, other organizational agents	Informal decision making	Informal quality of treatment

Importantly, the four component model has been supported in several empirical tests we have conducted (Blader & Tyler, 2003a; Tyler & Blader, 2000). These empirical tests indicate that each of the four components, although interrelated, represents a distinct judgment that people make and that, furthermore, they each make a unique contribution to understanding people's overall fairness judgments. For instance, the results presented in Table 3.2 show through regression analysis that evaluations of each of the four components is significantly related to overall procedural justice evaluations among a sample of employees, and that together they provide strong explanatory power for understanding these overall evaluations. Consequently, we feel that the four component model provides an empirically valid basis for identifying and understanding the more specific

concerns that are related to people's sense of their organization's procedural justice.

Furthermore, we argue that the model includes the breadth of concerns that relate to evaluations of the fairness of organizational functioning. By incorporating both decision making and treatment concerns, the model explicitly represents a significant move beyond the concerns highlighted by Thibaut and Walker's control model. The treatment concerns highlighted by the four component model are especially relevant to the overarching argument of this chapter, which is that social identity concerns are a prominent fixture of organizational justice research.

Table 3.2. The Antecedents of Judgments about the Procedural Justice of Work Organizations

Variable	*β*
Process judgments	
1. Quality of decision making	
• Formal	.26***
• Informal	.31***
2. Quality of treatment	
• Formal	.24***
• Informal	.25***
Total adjusted R^2	79%

*** $p < .001$

From Tyler & Blader (2000).

When we think about the evolution of justice research over recent years, two trends are striking (Tyler & Blader, in press). First, the shift from studying issues of distributive justice to studying issues of procedural justice. Second, the move within procedural justice research toward a model of procedural justice that focuses on both the quality of decision-making and the quality of treatment, rather than viewing procedural justice as an issue of decision making quality. Both trends are readily understandable from the perspective of our second question—why people care about justice issues. If, as we argue, procedural justice is important because it communicates identity relevant information, then it is easy to understand why issues of quality of treatment matter to people in organizations. Being treated with or without dignity, politeness, and consideration is very closely linked to one's feelings of self-worth and self-esteem.

SOCIAL IDENTITY INFLUENCES ON FAIRNESS JUDGMENTS

Another line of research on fairness judgments (Blader, 2002) demonstrates that social identity concerns do more than dictate the elements of procedures that employees focus on when evaluating procedural justice. In addition to influencing the nature of the criteria that people focus on, social identity concerns have been shown to also influence the actual perception of justice (and its constituent elements). This work grows out of the theoretical tradition of motivated reasoning (Kunda, 1990), which argues that people are motivated perceivers, and thus their inferences are guided by their preferences for particular conclusions. That is, motivated reasoning makes the argument that people "see what they want to see," although this influence of preferences on inferences is constrained by reality.

In a series of laboratory and field studies, one of us (Blader, 2002) has shown that social identity concerns influence people's preferences regarding their procedural justice conclusions. More specifically, this research hypothesizes that strong identification with a group prompts a preference to perceive the group's procedures as fair, since people are motivated to see themselves as respected members of the groups that are central to their self-definition. Likewise, they are also motivated to perceive fairness because doing so enables them to see these groups in more positive ways (i.e., it taps into their sense of pride in the group). Results confirm these hypotheses, and find that individuals who are more strongly identified with the group rate the group's procedures as more fair than those who are less strongly identified with the group. Importantly, these heightened evaluations of process fairness are not unconstrained; when information about the fairness is relatively more explicit and less open to biased interpretation, these effects are attenuated and may disappear.

This research shows that social identity concerns may prompt biased evaluations of procedural justice, although that bias does not operate unhindered by reality. In demonstrating that point, it represents an innovative method for confirming the inextricable linkages between procedural justice and social identity. Whereas prior research focused on showing that procedural justice has implications for social identity-related constructs, this research takes a somewhat different approach by showing that social identity can serve as a motivational input that in turn influences whether justice is perceived. If social identity and justice were not linked, this motivational influence would not be detected. Thus, this line of research contributes additional support to the argument that social identity concerns and organizational justice significantly influence one another.

THE CONTEXT AND TENOR OF PROCEDURAL JUSTICE RESEARCH

The issues addressed above are all geared toward developing a more comprehensive understanding of social identity and procedural justice in organizations. In order to understand these issues more broadly, we believe that it is important to be attentive to the context in which procedural justice research has developed and continues to grow. More specifically, we consider how to understand procedural justice research from the perspective of the social identity argument advanced in this chapter. Doing so enable us to understand more clearly how we have gotten where we are and thus suggests some guidelines for the direction of future research.

THE DOMINANCE OF INSTRUMENTAL THEORIES ON PROCEDURAL JUSTICE RESEARCH

The foremost characteristic of the context in which procedural justice has grown, in our opinion, is the dominant position of material and instrumental theories and concerns about the human actor within organizational contexts. Of course, the prevalence of "social exchange," "rational choice" and economic models of motivation and behavior are in no way, shape, or form unique to the justice literature. This approach to understanding social behavior and relations has dominated both academic and lay conceptions of underlying human drives and desires for quite some time, at least amongst Western cultures and researchers. Consequently, its impact on procedural justice research is neither surprising nor counter-normative.

As some of the research and results discussed earlier highlight, however, such instrumental approaches to understanding human behavior are likely incomplete. Above we noted that, within our own research, identity-based concerns appear to prevail over material concerns in dictating people's behavior. This is not the sole finding indicating that people are not purely driven by material issues. Significant bodies of literature and research findings in other domains also arrive at this same conclusion, such as research on altruism (e.g., Batson, 1991), empathy (e.g., Hoffman, 2000), groups (e.g., Dawes, van de Kragt, & Orbell, 1990), and relationships (Clark, 1992), not to mention distributive and procedural justice itself (Tyler et al., 1996).

Despite this evidence to the contrary, there is a strong tradition founded on the basis that instrumental motives and concepts dominate, and that views and findings to the contrary need to be benchmarked against the "gold standard" of self-interest and exchange. The influence of this tradition permeates many different aspects of work on procedural justice, in

both obvious and some less obvious ways. In terms of the obvious, we need only refer readers to earlier portions of this very text where the underpinnings of the procedural justice phenomena were addressed. Research advancing the social identity explanation for the importance of procedural justice, much of it our own, has consistently contrasted that approach to the social exchange approach. Support for social identity explanations of procedural justice effects typically comes from showing that they can trump exchange explanations for those findings. Rarely are other alternative standards of comparison considered, although one can certainly imagine them. For instance, perhaps individuals respond well to fair processes because of an intrinsic drive toward fairness (Folger, 1998), since fairness is considered morally appropriate.

We do not necessarily advocate this morality explanation of procedural justice as a superior explanation. The point we wish to emphasize is that in both procedural justice research and in other areas of psychology, the pattern appears to be to test exchange and instrumental theories against theories that are "non-instrumental" or "non-exchange." These "alternative" theories make up a catchall category which is really only defined by their distinction from instrumental explanations (leading to a general category of "non-instrumental" motivations). In order to be taken seriously, there is a sense that non-instrumental theories must withstand the comparison to instrumental theories. The consequence of this is that non-instrumental theories are less frequently compared and contrasted with one another.

For example, elsewhere we have discussed the importance of comparing justice and empathy as sources of prosocial motivation (Blader & Tyler, 2002). Although both of these constructs have been compared to self-interest for their ability to stimulate prosocial behavior, few have considered the links and comparisons between them. This neglect characterizes not just research on the antecedents of prosocial behavior, but almost all areas of research that draw on social exchange and instrumental theoretical explanations. Such neglect hinders theory development and advancement.

There are also more subtle manifestations of the centrality of exchange theories and principles. For instance, the language used to refer to various theories often emerges as a dichotomy between "exchange" vs. "non-exchange" or "instrumental" vs. "non-instrumental." Semantically aggregating nonmaterial concerns into a singular concept likely restricts our thinking about more fine-grained nuances amongst these concerns.

The popularity of exchange principles, we have observed, also make them especially susceptible to reframing of their core arguments. For instance, the currency of exchange has often been adjusted to explain results in support of nonmaterial concerns. So the identity results discussed above may be reinterpreted as indicating that people indeed invoke an exchange relationship with their work organization, but that the

medium of that exchange is identity information. We believe, and have noted elsewhere (e.g., Tyler & Blader, 2000, p. 199), that operationalizing exchange concerns as primarily economic in nature is a valid, appropriate, and efficient characterization of those ideas. Extending exchange notions to include all possible motives and desires that people may have suggests that the theory is irrefutable in its explanatory power, and, consequently, scientifically unproductive.

In sum, we want to emphasize that procedural justice research has matured in an environment dominated by instrumental and exchange principles. This reality has guided the evolution of procedural justice theory and has had significant consequences on that evolution.

One way of appreciating some of these effects may be to consider how research might have developed if a more humanistic approach had originally dominated the literature. It is highly likely that the issues addressed, the terminology, and even our understanding of why procedural justice matters would differ considerably under these circumstances. Research may benefit by taking into account influences on the questions raised and addressed in procedural justice research, and by considering how those influences guide and restrict theory development. Doing so may prompt us to raise and tackle some very innovative and potentially important questions.

CULTURAL DIFFERENCES IN THE MOTIVES TO STUDY PROCEDURAL JUSTICE

Another important contextual influence on procedural justice research in organizations relates to the social identities of those researchers that study procedural justice. Specifically, we suspect that some major differences exist among justice researchers in the motivations that underlie their work, and that these differences largely fall along cultural lines. Here our concern is with the cultural background of the researcher, not the more commonly studied cultural background of the subject.

Researchers in the United States strike us as being primarily interested in and focused on the implications of procedural justice for the efficiency and effectiveness of work organizations. Indeed, the positive behavioral and attitudinal consequences of procedural justice can have important effects on organizational productivity and profitability. The argument is that "ethics is good business," since ethical workplaces are profitable.

The procedural justice phenomenon can impact organizational "bottom lines" in other ways as well. Consider the recent study by Lind, Greenberg, Scott, and Welchans (2000). These authors found that the likelihood that terminated employees would bring litigation against their former

employers was primarily related to their perceptions of treatment at the time of termination. Given the extraordinary cost of litigation and potential judgments against the organization, the financial implications of these findings can easily run into the tens of millions of dollars, if not more.

Clearly, procedural justice perceptions are linked to real and significant effects on organizations' finances and overall viability. We've observed that U.S. researchers often reference these effects in their writing as the reason that the study of procedural justice is important. As evidence, consider the frequency with which journal articles introduce the procedural justice topic by highlighting the impressive attitudinal and behavioral consequences of those judgments, behaviors that are important for organizational viability and success.

Is there an alternative to this approach? Researchers outside the United States generally appear less concerned with the consequences of procedural justice for corporate profits. They instead stress the importance of treating people in procedurally fair ways as a goal in and of itself; fair treatment is primarily valued because it is socially appropriate and consistent with entitlements, not because it is profitable. Their concern with issues of fairness flows from an ethical framework concerning how people ought to live together, and what the quality of people's lives should be. While more central to non-American discussions of justice, this issue is not without discussion among Americans. For example, as we have already noted, Leventhal (1980) mentioned the importance of "ethicality"—of consistency with fundamental standards of decency—as one standard for judging procedural justice.

It is a striking comment on Leventhal's discussion of ethicality that, while he discusses the injustice of using procedures that offend basic norms of morality (e.g., procedures such as torture), recent trends in American law have been very much in the direction of evaluating legal procedures—strip searches, border stops, home invasions—by applying cost-benefit analyses that give little or no weight to issues of fundamental morality. Hence, within America it is not only in work settings in which justice has a decidedly utilitarian frame.

Interestingly, these different foci for studying justice seem in accord with the prevailing corporate ethos and employee/employer psychological contract in each country. American corporate culture is highly driven by the bottom line, while European and other corporate environments more strongly emphasize the responsibility corporations have for the welfare of their employees. For example, in some European countries companies have councils of workers who, mandated by law, share control over management decisions (Cotton, 1996; Markey & Monat, 1997; Rogers & Streech, 1995). Of course, it is important not to overstate the case, since both approaches can be found within America and Europe.

Although this distinction between focusing on "moral" and "financial" motivations for studying procedural justice may seem like a nuanced distinction, it suggests some consequences on the types of outcomes that are examined and in the approach taken to developing new research questions. A focus on organizational profits directs researchers' attention to studying behaviors and attitudes that favor the organization, while a focus on morality directs research attention to the implications of fair treatment on the self (e.g., on social identity). Neither of these motivations are necessarily false or incorrect. However, a singular focus on either lead to an overly narrow view of why procedural justice is important and may restrict the research questions that are addressed.

Considering only organizational implications opens justice researchers to the criticism that our work can be used in manipulative ways, by designing organizational systems that only give the illusion, but not the reality, of fairness. But focusing only on self-related outcomes also possesses the risk of restricting our impact on organizational functioning, since organizations may be less compelled to adopt justice-based strategies. Organizations, for example, have expressed greater indifference to employee "job satisfaction" since studies suggested that job satisfaction does not shape work performance (but see Judge, Thoresen, Bono, & Patton, 2001). This contrasts with their interest in job satisfaction when they thought that satisfied workers did higher quality work.

In the group engagement model, we both consider the organizational implications of fairness and highlight the positive consequences for individuals engendered by fairness. Our model highlights the benefits of fairness to organizations and to individuals. This leads us to suggest that it is important to understand why people care about justice. By exploring this issue, we hope to stimulate research on the implications of procedural fairness for the person and the organization.

FUTURE RESEARCH

Prior to concluding, we think it is worth highlighting some of the directions that we think future procedural justice research should take. The preceding sections develop two important recommendations. First, researchers should be mindful of the impact that the historical emphasis on exchange models has on our future thinking and research. We need to move beyond questions of how non-resource-based models compare to exchange models of justice, and begin to focus on better understanding the breadth and range of these alternative approaches in greater detail. In other words, we need to ask if and when money and other material rewards draw their motivational significance from their influence on identity. To

the degree that they do, we need to explore the influence of framing such rewards upon their impact. For example, is a bonus more effective if its delivery is linked to a demonstration of respect, i.e., "We are giving you this reward to show how much we respect your work?" If the influence of rewards is linked to their identity linked presentation, then are symbolic or nonmaterial rewards equally impactful if they are linked to identity, that is, "We are giving you this plaque to show how much we respect your work?"

Second, we need to be mindful of the positive implications of process fairness for both organizations and individuals, and to incorporate both classes of outcomes in our research. Both of these recommendations relate to the second of the three issues we raised earlier, the issue of why employees care about procedural justice. Incorporating these proposals into our thinking should lead to important and interesting insights about why people react so potently to their procedural justice evaluations. In particular, the studies noted highlight the key role of interpersonal treatment in shaping procedural justice judgments. Interpersonal treatment can be enacted without organizational frameworks that foster neutral, fact-finding, procedures. We need to understand whether there is a limit to their effectiveness when other important criteria of fairness are neglected.

The other issues highlighted in the earlier portions of this chapter also make some important recommendations regarding future research. The distinction we noted between mandatory and discretionary behaviors marks what we regard as an important advance in how we describe and predict the consequences of procedural justice. Specifically, justice researchers have thus far conducted the search for correlates of justice perceptions with little theoretical guidance, filling up our "shopping carts" of dependent variables with whatever empirically fits. The range of outcomes that have been linked to justice is scattered, with little theoretical structure or basis. The mandatory/discretionary distinction is only one possible way of organizing the outcomes of justice, and future research should explore others. The point to emphasize is that the field will advance with a stronger theoretical basis if we have some sense of the types of outcomes where we would expect justice to have an effect and those where we might expect no such effects.

It is also clear that, having identified the mandatory/discretionary distinction, we need to explore its importance. Although we advocate a greater focus on studying discretionary behavior, this does not mean that we feel that mandatory behavior (e.g., in-role behavior) is no longer of importance. On the contrary, there may be situations in which motivating in-role behavior is an exclusive concern. Some jobs are not intrinsically motivating and may be routine and boring. Such jobs may be best managed via the clear specification of in-role performance, motivated by incentives and sanctions. In other words, we need to more clearly specify the

areas in which it is important and possible to motivate discretionary behavior. Those arenas define the range within which the theoretical ideas outlined here will be most relevant.

The most important implication of the findings outlined is the important role that identity plays in organizational life. We are not the only researchers to emphasize the importance of identity motivations in work settings, but our findings certainly support those of earlier authors. Interestingly, our findings link up identity concerns to issues of procedural justice by suggesting that procedural justice is important to employees because it communicates identity relevant information and it is that type of information that shapes workplace behavior.

CONCLUSION

In this chapter, we have tried to highlight some of the major issues and directions for future organizational justice research, and to show how that research is inextricably linked to issues of social identity. These critiques are not intended to convey a sense that organizational justice research has been misguided, but rather to highlight some of the challenges facing an exciting area of inquiry that remains in the fairly early stages of development. We anticipate that issues of organizational justice will continue to provide important insights into questions of organizational dynamics and will persist in having a large impact on the psychology of organizations.

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CHAPTER 4

TOWARD A NORMATIVE MODEL OF JUSTICE

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ABSTRACT

Current models of procedural justice are based on self-interest or social identity, which seem problematic in accounting for some justice phenomena. It is not easy for these models to provide a complete account for: (1) why totally disinterested observers react strongly to observed injustice that has nothing to do with them, (2) drastic contextual variations in justice effects, and (3) why people want to act fairly. A normative perspective, which is similar to, but not identical with, morality approaches to justice, is proposed to augment current models of procedural justice and to account for these justice phenomena. In this model, personal justice norms, which refer to justice norms that one endorses, are distinguished from social justice norms, which refer to perceived social consensus with regard to justice standards and principles. Personal justice norms are more stable, whereas social justice norms are subject to contextual influence and may vary from context to context. These two types of justice norms interact to affect justice judgments and behaviors. Implications of this normative model of justice for future research are discussed.

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INTRODUCTION

Behavioral research on justice was popularized by Adams' (1963) and Homans' (1961) classic works on *distributive justice*. Subsequently, Thibaut and Walker (1975) broadened the scope of justice by introducing the notion of *procedural justice*. Bies and Moag (1986) highlighted the importance of the interpersonal dimension of justice, termed *interactional justice*, which is further subdivided into *informational* and *interpersonal* justice (Colquitt, 2001). Justice is now a major area of research in many social science disciplines. In organizational settings, justice perception shows significant impact on a variety of outcome variables, such as organizational citizenship behaviors (Moorman, 1991), affective commitment to organizations (Gellatly, 1995), job satisfaction (Leung, Smith, Wang, & Sun, 1996), productivity (Folger, Rosenfield, Hays, & Grove, 1978), turnover (Dailey & Kirk, 1992), theft (Greenberg, 1990), and reactions to layoffs (Brockner, Wiesenfeld & Martin, 1995). A review of the relation of justice to various outcome variables was recently conducted by Colquitt, Conlon, Wesson, Porter, and Ng (2001).

Why is justice so important in a wide range of contexts? Two major theoretical orientations provide different answers to this fundamental question. The instrumental perspective argues that the concern for justice is really just the maximization of self-interest in disguise. For instance, in the control theory proposed by Thibaut and Walker (1975), procedures granting people indirect control over their outcomes are preferred, and in particular, voice (the opportunity to express one's views) is desired because it helps safeguard against exploitation by adversaries. In a similar vein, Walster, Walster, and Berscheid's (1978) analysis of equity theory is based on the basic idea that the pursuit of justice is self-serving because justice provides an effective way to reduce exploitation in a group. In summary, the instrumental perspective argues that people regard justice as important because it protects their self-interest indirectly.

The second explanation for the importance of justice is based on the symbolic perspective, epitomized by Lind and Tyler's (1988) group value model of justice, and their subsequent refinement, the relational model (Tyler & Lind, 1992). Rooted in theories of social identity and group identification, the symbolic perspective posits that people are concerned with their social status and are motivated to protect and enhance their social standing in a group. Unfair treatment signals a marginal social status and hence is strongly resented. This perspective suggests that people care about justice to the extent that unfair treatment symbolizes their social inferiority.

THREE LIMITATIONS OF CURRENT PERSPECTIVES ON PROCEDURAL JUSTICE

There is no doubt that the concern for materialistic and symbolic gains is an important determinant of social behavior, but these two perspectives are unlikely to provide a complete account of the dynamics involved. Montada (1998) concluded that, "A single motivational construct selected to explain phenotypically selfish, phenotypically altruistic, or common welfare-oriented, or justice-centered behaviors cannot be sufficient" (p. 86). In this chapter, we argue that a normative analysis of justice behavior is able to augment the two traditional perspectives on justice. Although norms are well known in the justice literature, a normative perspective that centers on the issues of what is right and appropriate has been dormant in recent justice research. Folger (2001) has lamented that, "We've continued the search for phenomena related to fairness, but we've lost sight of how fairness relates to morality" (p. 3). Recently, Cropanzano and his colleagues (Cropanzano, Byrne, Bobocel, & Rupp, 2001; Cropanzano & Rupp, 2002) have also argued for the importance of morality in justice phenomena, and proposed the deontological model of justice to augment the instrumental and symbolic models. In line with Folger's (2001) theory of deonance, Cropanzano and Rupp's (2002) deontological model, and Tong's (2000) normative approach to justice, this chapter attempts to develop a model of justice based on normative considerations. It should be noted that the word "normative" is used here to denote a prescriptive view of justice derived from socially constructed norms rather than from logical deductions. Before we present some initial statements of the normative model, we will first examine three issues that are difficult for instrumental and symbolic accounts of justice to address.

Effect of Injustice among Disinterested Observers

If an injustice affects the well-being of its observers, or if the victim is related to the observers in some way, instrumental and symbolic models of justice are useful in analyzing their reactions (e.g., Trevino, 1992). However, disinterested observers of injustice often show intense emotional reactions against the perpetrators, even though their self-interest is in no way affected by the injustice, and they are not related to the victims. Not too many years ago, observation of genocide in Rwanda and Bosnia on television triggered intense anger and disgust in people who knew little about the peoples in those regions. Apartheid in South Africa used to be the target of fervent protests by people who had no ties to Black South Africans. Several empirical studies have demonstrated this observer effect

of justice. In a scenario experiment, Leung, Chiu, and Au (1993) asked observers to express their opinions on an industrial action, and found that disinterested observers extended sympathy and support to victims of injustice. Tyler and Caine (1981, Study 1) asked undergraduates to evaluate a hypothetical teacher from an observer perspective. A teacher who adopted a fair grading procedure was evaluated more positively than one who adopted an unfair grading procedure. Similarly, in their Study 3, participants were asked to evaluate a hypothetical political figure from an observer perspective, and the politician was evaluated more positively if he adopted a fair rather than an unfair procedure.

The nature of this observer justice effect was systematically explored by Tong (2000). In his Study 1, the observer effect was demonstrated in that a teacher was evaluated more negatively by disinterested observers when he was perceived to be interactionally unjust than interactionally just. In his Study 2, the observer effect of procedural and interactional justice was shown to have unique effects even when sympathy with the victim and past experiences or expected future experiences with similar injustices were controlled for. Finally, in Study 3, it was shown that the observer justice effect occurred spontaneously in a natural setting and was not caused by demand characteristics or other experimental artifacts. Newspaper editorials were analyzed, and it was found that disinterested editorial writers frequently adopted a justice framework in commenting on labor-management disputes.

These results challenge the instrumental and symbolic perspectives on justice because there is no obvious outcome or relational concern involved in the justice effect among disinterested observers. Folger (2001) made a similar point when he argued that deontic motivation "helps account for fairness concerns shown among strangers engaged in one-shot encounters, as well as fairness responses displayed by neutral, third-party spectators who have no direct stake in a given instance of injustice" (p. 5).

Absolutist versus Relativist Standards of Justice

Procedural and interactional justice principles as conceived in current models tend to be absolutist and context-free. For example, the denial of voice conveys a marginal status in a group regardless of the context. In other words, when people are denied the opportunity to voice their views, they will be dissatisfied, be they in a factory, a retail outlet, or a classroom. In contrast, distributive justice adopts a relativist position and encompasses several distinct principles. Deutsch (1975) proposed that equity is salient in situations emphasizing productivity, and equality in situations emphasizing interpersonal harmony. These propositions have been con-

firmed in subsequent empirical verifications (e.g., Leung & Park, 1986; Marin, 1981).

Cross-cultural research on justice has cast doubt on an absolutist conceptualization of procedural and interactional justice. Based on the results of Wallbott and associates (Babad & Wallbott, 1986; Wallbott & Scherer, 1986), James (1993) concluded that high power distance, that is, the acceptance of hierarchical relationships in societies, leads to less angry reactions toward injustices. In a similar vein, Bond, Wan, Leung, and Giacalone (1985) found that compared to Americans, Chinese from Hong Kong, a high-power distance group, were more willing to accept insulting remarks from a high-status in-group person. Leung, Su, and Morris (2001) also found that MBA students in Hong Kong perceived unjust treatment by a senior manager as less unjust and reacted less negatively toward the manager than did MBA students in the United States. Finally, a striking cultural difference in interactional justice was reported by Smith, Misume, Tayeb, Peterson, and Bond (1989) with regard to what constitutes considerate behavior on the part of a supervisor. When an employee experienced personal difficulties, the discussion of the problems by the supervisor with other employees in the absence of this person was regarded as acceptable by Japanese and Hong Kong Chinese, but was regarded as inconsiderate by respondents from the U.K. and the United States.

In view of this type of evidence, Tong (2000) has advocated a relativist view of procedural and interactional justice in that justice perceptions are sensitive to salient justice norms in a given context. For instance, in a military context, the absence of voice in interacting with a senior officer probably carries little symbolic meaning for diagnosing one's social status. Consistent with this argument, Tong (2000) showed that organizational justice norms were able to moderate the effect of perceived justice on the endorsement a policy. Perceived injustice arouses less negative reactions if the salient norm is more tolerant of justice violations. Recently, Lamertz (2002) found that fairness judgments among embedded (closely related) peers were highly correlated, suggesting that fairness judgments were susceptible to peer influence. People who interact with each other frequently seem to converge on a similar set of justice norms. This relativist view of justice is also consistent with findings in behavioral research on ethics and altruism. For instance, Barnett and Vaicys (2000) explored the contextual nature of ethnical judgments and found that a utilitarian climate led people to judge the ethicality of a behavior by its consequences rather than by its moral nature. In a nutshell, these results suggest that principles of procedural and interactional justice are unlikely to be absolute and equally diagnostic of one's social status across social contexts. While an absolutist, context-free approach to justice is inadequate in providing a complete picture of the dynamics underlying justice phenomena, the normative per-

spective is consistent with a relativist view of justice. Toward the end of the chapter, we will develop a few hypotheses based on this view of justice.

The Actor Perspective on Justice

When an injustice occurs, two questions can be raised: how would the victim react to the injustice, and why did the perpetrator enact the injustice? To seek a full understanding of justice processes, answers to both questions are needed. However, the majority of justice research in the past two decades is concerned with recipients. The dominance of the recipient perspective may perhaps be attributable to the fact that Thibaut and Walker (1975) initiated their research on procedural justice with disputants in the courtroom. Key research questions in this tradition center on why recipients of justice care about justice and how they react to injustice. For example, Thibaut and Walker's (1975) control theory focuses on outcome concern as a way to explain why people care about procedural issues. The fairness heuristic theory suggests that people search for cues to determine whether or not they are exploited by their group and fairness is a major cue for this purpose (Van den Bos, Lind, Vermunt, & Wilke, 1997; Van den Bos, Vermunt, & Wilke, 1997; Van den Bos, Wilke, & Lind, 1998). Finally, Lind and Tyler's (1988) group value theory focuses on the symbolic meaning of unfair treatment from the recipient perspective. In short, these more recent theories focus on the psychology of the recipients of justice.

Studies on actors rather than recipients of justice are not unknown in the justice literature. In fact, Aristotle took an actor perspective and considered justice as a personal disposition and a virtue in his Nicomachean Ethics. Earlier work on distributive justice by Adams (1963) also adopts an actor perspective in that the pursuit of distributive justice by allocators is hypothesized to be partly motivated by stress reduction. Greenberg (1987) has provided an actor perspective in his review of proactive justice theories. Some of these earlier works on actors allude to personal virtues and compliance of social norms as reasons for the enactment of fair behavior, which resonates with more recent discussion of a morality approach to justice (e.g., Cropanzano et al., 2001; Folger, 2001). The normative model described in the following pages also provides an explicit account of why justice actors engage in fair acts.

THE NORMATIVE MODEL OF JUSTICE

We would like to propose a new model of justice, the normative model, to augment the current models of procedural justice. The importance of norms is well known in the social science literature. Norms are mostly acquired through childhood socialization (e.g., Lerner, 1977) and social interactions (Schwartz, 1973), and have long been recognized as an important antecedent of social behaviors, such as pro-social actions (Staub, 1979). Cialdini, Reno, and Kallgren (1990) have distinguished two types of norms in terms of their meaning. Descriptive norms refer to what is seen as typical or normal, while injunctive norms refer to rules that determine morally approved or disapproved conduct. In both cases, norms function to guide people's behaviors and are often context-specific (Kerr, Garst, Lewandowski, & Harris, 1997). In a discussion of business ethics, Donaldson and Dunfee (1999) have organized norms into two levels. Hypernorms are universalistic and are endorsed by people with diverse backgrounds. The right to a fair trial is an example of such a norm. In contrast, ethical norms are of a lower order, and are particularistic in that they reflect the consensus of a particular social group or organization. For instance, Mayer and Cava (1995) noted that gender equality was a common norm in the United States, whereas paternalistic norms existed in Mexico and female employees were restricted in their access to clients. In an analysis of cultural differences in the perception of distributive and procedural differences, Steiner (2001) has proposed that different cultures may have different expectations with regard to distributive and procedural justice processes. Although the notion of norms was not explicitly discussed by Steiner (2001), his arguments can be easily subsumed into a normative framework, in that expectations are derived from salient justice norms.

For our normative model, it is important to distinguish norms in terms of their motivational character (e.g., Schwartz, 1973). A norm is termed *social* when the desire for compliance is driven by external forces such social pressure and rewards. In contrast, *personal norms*, or *internalized norms*, refer to compliance that is driven by internal forces such as guilt and a sense of righteousness. Social and personal norms may be independent of each other because one may subscribe to one type, but not the other type. However, both types of norms are able to guide and shape our behaviors.

Norms are actually quite well known in the justice literature. Early discussion of justice norms in behavioral sciences focused on distributive norms (e.g., Adams, 1965), and people are shown to have an elemental sense of what the ultimate distribution of goods and resources should look like (Brickman, 1975). Folger (1984) concluded that, "the shape and character of the distribution of outcomes considered as a whole (i.e., the over-

all pattern of distribution) should conform to what seems proper, good, and fair" (p. 11). Justice norms have subsequently been extended to include procedural norms, to which Lind and Tyler (1988) refer as "norms of treatment and decision making that regulate much of a group's social structure and process" (p. 231).

Despite the long history of fairness norms in the justice literature, this perspective has been dormant until recently. In a recent theoretical analysis with an interesting title, "Fairness as Deonance," Folger (2001) argued that current research on justice ignores the moral basis of justice. Deontic motives, which are based on people's sense of morality and concern for the well-being of others, often constitute a major force behind people's desire to pursue justice. In support of this argument, a series of experiments by Turillo et al. (2002) found that people are willing to make self-sacrifices to provide rewards to fair actors and levy punishments against unfair actors. In a different line of thinking, drawing upon Williams' (1997) analysis of needs, Cropanzano et al. (2001) proposed a multiple needs model of organizational justice with four basic justice needs. Instrumental and relational models of justice are related to the needs for control, belonging, and positive regard. Cropanzano et al. argued that the fourth need, need for meaning in life, is fulfilled by moral pursuit, which constitutes a major driving force behind the pursuit for justice. In an extension of this line of thinking, Cropanzano and Rupp (2002) have provided a four-step model of moral behaviors.

Our normative model overlaps with, but is not identical to, deontic motives and morality needs, both of which may be taken as roughly corresponding to personal norms. According to Cropanzano and Rupp (2002), moral judgment is based on a set of standards, which are derived from moral mandates and ethical orientations, and the fairness of an event is judged against such standards. Moral mandates are based on core values, and are expressed in beliefs and day-to-day conduct. Ethical orientations are general frameworks that guide people's ethical judgments. We may equate such standards with personal justice norms, because personal justice norms in essence provide the yardstick with which the fairness of events is judged.

A significant departure of our normative model from morality approaches to justice lies in our distinction between personal and social justice norms. While morality approaches focus on right-or-wrong issues, we are also interested in the influence of social justice norms, which are based on social consensus. Individuals may or may not subscribe to such norms, and the interplay between social and personal justice norms become interesting and important. For instance, it is noted earlier that in Mexico, female employees were restricted in their access to clients, which represented a social norm (Mayer & Cava, 1995). While many Mexican

women may endorse this view, some may subscribe to a gender equality norm that opposes such practices. We believe that our normative model provides a more convenient framework than morality approaches to analyze this type of situation. In the following paragraphs, we will revisit the three limitations of current theories of procedural justice in light of our normative model. We will first analyze why actors and recipients care about justice from the normative perspective. Actor-recipient differences in and context-specificity of justice behaviors will then be explored. Finally, we will examine the interplay between social and personal norms and their joint effects on justice behavior.

Why Do Actors Care about Justice?

Morality approaches argue that people want to be fair because it is the right thing to do. Folger (2001) argued that human beings have a basic respect for human dignity and worth, which forms the moral basis of justice. Cropanzano et al. (2001) associated the moral basis of justice with the need for a meaningful existence in fear of death. In line with this argument, Van den Bos and Miedema (2000) found that procedural justice showed a larger effect when mortality was made salient. One commonality of these arguments is that justice is driven by internal motives.

Similarly, the enactment of fair acts is consistent with one's personal justice norms. The normative model also argues that complying with internal justice standards, or personal justice norms, is an end and satisfying in and of itself. Consistent with this view, Smith, Keating, and Stotland (1989) found that acting according to one's normative view led to good feelings and satisfied the empathy need. Compliance with personal norms is related to the avoidance of guilt feelings (Cialdini et al., 1982; Hong & Chiu, 1992). Consistent with the distinction between personal and social norms, an audience is not essential for triggering guilt feelings associated with personal norms (Hong & Chiu, 1992).

It is important to distinguish between personal norms of justice and their moral basis. While some internalized justice norms derive from moral principles (e.g., acts in a truthful manner), some seem distant from morality concerns (e.g., allows subordinates to express their opinions). Personal justice norms seem broader than morality concerns, and this is another reason why we prefer a normative rather than a morality approach to justice.

Social justice norms provide another answer to the question of why actors care about justice: the actor expects others to regard the pursuit of fairness as the right thing to do, and the desire to comply with social norms leads one to act fairly, regardless of whether one subscribes to these norms or not. There are two ways social norms can influence justice behavior.

First, Schwartz and Howard (1982) argued that social norms are "backed by social sanctions and rewards" (p. 346). Conforming to what other people are doing (descriptive norms) or what other people think one ought to do (injunctive norms) avoids the threat of social sanction. Bies (1987) made a similar argument in a justice context ". . . an injustice is not merely a judgment, but represents a violation of justice and fairness norms. In violating such norms, the harmdoer is vulnerable to a variety of reactions that are influenced by other people's feelings of moral outrage" (p. 289). Although people in power may not face immediate social sanction for their unfair behavior, they may still prefer to adhere to justice principles for the sake of impression management to avoid future losses (Greenberg, 1983; Greenberg, Bies, & Eskew, 1991). This account of the effects of social justice norms is in fact consistent with the instrumental view of justice.

Second, social norms influence justice actors through their informational value. Being socially shared guidelines of acceptable behaviors, "[norms] are standards against which people can evaluate the appropriateness of behavior" (Bettenhausen & Murnighan, 1991, p. 21). In situations where people have little formation about the best course of action, descriptive social norms offer a decisional shortcut for how to behave (Cialdini, 1988). Social norms also inform people of other group members' usual practices or customs, which provide concrete guidelines for effective and adaptive actions in a group (Cialdini et al., 1990). Social norms may be morally neutral (Milgram, Bickman, & Berkowitz, 1969) and exert their influence through their informational value, but people are more influenced by norms that are seen as valid and socially endorsed (Abrams, Wetherell, Cochrane, Hogg, & Turner, 1990). In sum, when people are uncertain about an appropriate course of action, social norms guide one to a "right" course of action. One may interpret the informational effects of social norms in self-interest terms, but a more useful interpretation is to focus on their guiding functions in situations where rewards and punishments are not salient.

Why Do Recipients Care about Justice?

Instrumental and symbolic models of justice have provided some good answers to this question, but the normative model broadens our understanding of why justice is important. Yoon (1996) suggested that social norms are related to procedural justice in that the harmony orientation of Korean societal norms heightened the role of procedural justice. Barnett and Vaicys (2000) found that different ethical climates led people to judge the ethicality of a behavior differently. These empirical results suggest that norms influence people's judgment of fairness, and that to the extent that

justice norms are violated, injustice is perceived. Folger (2001) made a similar point when he stated that, "A theory of deonance, which concerns threatened or violated norms regarding perceived moral duties and obligations about interpersonal conduct, might thus be viewed as addressing actions a person believes that others should not feel free to undertake" (p. 7). Steiner's (2001) argument that perceived injustice is related to unmet expectations is also consistent with this reasoning.

The consequences of norm violations have been clearly demonstrated. For instance, Lee and Tedeschi (1996) manipulated the amount of coercion allowed by a norm and the level of actual coercion, and found that when the provoker conformed to the norm, aggressive reactions were inhibited. However, when the provoker violated the norm, retaliation was clearly observed. In the context of justice, Tong (2000) showed that injustice was more tolerated if it was consistent with salient norms. An important derivation of this argument is that negative reactions to injustice, such as reduction in productivity and organizational citizenship behavior, may be viewed as retributive actions of victims triggered by perceived violations of justice norms.

The Observer Effect of Justice

As explained before, it is difficult for current models of procedural justice to account for justice effects among observers who are not affected by any materialistic or symbolic rewards directly or indirectly. However, the normative model suggests that, disinterested observers would still react negatively to an observed injustice because of perceived norm violation. Kahneman, Knetsch and Thaler (1986) designed a clever experiment to demonstrate that people would give up a small amount of money to prevent unfair people from obtaining a monetary reward. Turillo et al. (2002) extended these findings by showing that participants pursued an act of sanction even when others, including the target of punishment, would never know of their sanctioning. These results point to the influence of personal justice norms and are difficult to account for by instrumental or symbolic models of justice.

Absolute versus Relative Justice Standards

As mentioned before, instrumental and symbolic models of justice tend to be absolutist, and pay relatively less attention to variations of justice effects and processes across different contexts. In fact, these models have not developed systematic frameworks to analyze the effects of contexts. In

contrast, the normative model provides a natural framework for addressing contextual variations, because norms are context-dependent (Kerr et al., 1997). Norms salient in one context may be unimportant in another context. The normative model is able to provide a parsimonious account of variations in justice judgments across contexts, such as cultural differences in reactions to injustice (e.g., Bond et al., 1985; Smith et al., 1989). The general argument is that justice processes are affected by the salient norms in a given context. To fully describe and understand justice effects and processes, we must first understand the justice norms that are salient in this context. This reasoning is further developed below, when the implications of the normative model are discussed.

IMPLICATIONS OF THE NORMATIVE MODEL

Acquisition of Justice Norms

In the previous section, we presented some advantages of the normative model in accounting for findings that are problematic for current theories of procedural justice. Presently, we explore three major processes governing the formation of justice norms. First, many norms are acquired through childhood socialization (e.g., Lerner, 1977). Based on the results of several researchers (Dunn & Dale, 1984; Dunn & Munn, 1986, 1987; Edwards, 1987; Walton & Sedlak, 1982), Darley and Shultz (1990) concluded that moral learning is associated with the learning of moral rules, and that moral questions arise when one interactant signals disapproval of another's conduct. However, moral rules are rarely learned from direct intervention such as explicit instruction (Darley & Shultz, 1990).

The norm formation model of Bettenhausen and Murnighan (1985) provides the second mechanism for norm development. Norms with regard to a given activity gradually emerge when group members interact and share experiences with each other, and the function of these norms is to guide their behavior with regard to this activity. Hence, repeated exposure to an activity would trigger norm development related to this activity. Furthermore, Janis and Hoffman (1971) found that an increase in interpersonal attraction produced by daily contact with others facilitated the internalization of norms that arose from the interaction.

Finally, norms may emerge as a result of concerted, programmatic effort. In the organizational context, Donaldson and Dunfee (1999, Ch. 4) have provided a review of the processes of norm formation and evolution, some of which are based on explicit and formal actions of authorities and leaders. For instance, a senior manager may cultivate a norm of mutual respect among her subordinates by explicit instruction and frequent reminders.

Moderators of the Effects of Norms

In line with our contextual view of justice, it is important to point out that the effects of norms are not absolute. A normative view of justice suggests that to the extent that social justice norms are responsible for the justice perception and behavior in question, justice effects will covary with factors that moderate the effects of these social justice norms. In contrast, the effects of personal norms, because of personal commitment and psychological internalization, should be more stable and less affected by contextual factors.

We now review a few moderators of the effect of norms. First, *norm salience* refers to whether a norm is salient and important in a given situation. Although this notion has not attracted much attention in the justice literature, Mohiyeddini and Schmitt (1997) showed that individuals reacted differently to injustice depending on their sensitivity toward justice, which is conceptualized as a stable individual disposition. We may speculate that if one is not sensitive about justice, the relevant justice norms are not salient. Norm salience thus provides an explanation for why some individuals do not react strongly to the injustice they experience. We propose that justice shows an effect to the extent that the relevant justice norms are salient. In other words, if justice norms are not salient, perceived injustice may not result in negative reactions on the part of the recipients. Some empirical evidence consistent with this proposition has already been discussed in a previous section.

Second, anonymity is another factor that has long been known to influence the effects of social norms. Deutsch and Gerard (1995) found that normative social influence was reduced when participants were put in an anonymous situation. People are less likely to comply with social norms if their behavior is not identifiable. It follows that anonymity would also reduce the effects of social justice norms. People are less likely to comply with social justice norms in anonymous situations. However, as discussed before, personal justice norms should be more stable and their effects less affected by anonymity. We may postulate that the extent to which people comply with their personal justice norms is unrelated to anonymity.

Third, self-monitoring refers to the observation and control of one's expressive behavior and self-presentation to conform to social appropriateness (Snyder, 1974). People who are high in self-monitoring are more sensitive about what is expected of them and are more likely to act in accordance with social expectations. People who are low in self-monitoring show less concern for social appropriateness, and their behavior is less likely to be influenced by social norms, which are described as "interpersonal specifications of appropriateness" by Snyder (1974). Based on this reasoning, we speculate that the effects of social justice norms, but not per-

sonal justice norms, should be influenced by levels of self-monitoring. People who are high in self-monitoring should show more compliance to social justice norms than people low in self-monitoring. Again, because personal justice norms are more stable, we postulate that compliance with personal justice norms should be unrelated to self-monitoring.

Finally, individuals may show different levels of commitment to their personal justice norms. Wentworth and Rickel (1985) suggested that, instead of sanctions, an individual's feeling of equity and sense of norm commitment might be the most important factor for the decision to comply with or to evade taxes. We expect that norm commitment should be particularly important for personal justice norms, and we postulate that the effects of personal justice norms should be accentuated if norm commitment is high. In other words, one's judgment and behavior are more likely to be consistent with one's personal justice norms if one is highly committed to these norms.

Interplay between Social and Personal Justice Norms

The normative model suggests an interesting process that has not been explored before. That is, social and personal justice norms may act in concordance or in opposition. To simplify the discussion, we assume that one's normative position on a given behavior can be trichotomized. That is, the enactment of the behavior is regarded as either normatively fair, neutral, or normatively unfair. Because there are two normative perspectives, social and personal, a 3×3 matrix can be obtained (see Figure 4.1 for a schematic representation). In essence, this matrix depicts the two forces that are in operation: social and personal justice principles. We will analysis this 3×3 matrix from the actor as well as the recipient perspectives.

Actor perspective. The nine cells can be grouped into three categories. In the first category (dominance or indifference), if one type of justice norm is nonexistent or neutral (Cells 2, 4, 6, and 8), a situation which we label as dominance, it is obvious that the other type will be dominant. In other words, one's judgments and behaviors will be driven by the dominant justice norm. If both types of justice norms are nonexistent (Cell 5), a situation which we label as indifference, the behavior will be influenced by non-justice factors, such as self-interest.

In the second category (concordance), if both social and personal norms are in the same direction (Cells 1 and 9), they will reinforce each other and exert a strong effect on judgments and behaviors. The third category (discordance) is interesting, because one type of justice norm is in conflict with the other type (Cells 3 and 7). The relative strength of the two

		Personal Justice Norm		
		Pro	Neutral	Anti
Social Justice Norm	Pro	1 concordance	2 dominance	3 discordance
	Neutral	4 dominance	5 indifference	6 dominance
	Anti	7 discordance	8 dominance	9 concordance

Note. Pro: enactment of the behavior is fair; Neutral – absence of a normative position; and Anti: enactment of the behavior is unfair.

Figure 4.1. Personal justice norms versus social justice norms.

types of justice norms will determine the judgmental and behavioral outcome. The moderators that we have identified before should affect the relative importance of these two types of justice norms. For instance, in anonymous situations, personal justice norms should override social justice norms, because the effects of social norms are weakened in anonymous situations. The opposite is expected in identifiable situations coupled with severe penalty for social deviance. Social norms become important if one's behavior is public, and their effects will be heightened if deviation from these norms is associated with heavy penalty and severe social consequences. With regard to self-monitoring, a high level of self-monitoring is likely to accentuate the effects of social justice norms, because people high in self-monitoring are more sensitive to social pressure. In a similar vein, factors that accentuate the salience of personal justice norms will lead to their dominance. For instance, it is shown that in high objective self awareness situations, in which people are led to focus on themselves, such as by placing a mirror in front of them, people are more conscious of the use of internal standards for self-evaluation (Duval & Wicklund, 1972). In these situations, personal justice norms should exert a stronger effect on judgments and behaviors.

Recipient's perspective. At least three forces are operating for victims of injustice: concern for self-interest, symbolic concern, and retribution,

which reflects a desire to restore justice. The first two concerns have been widely discussed, and both concerns will lead to strong negative reactions to injustice. The normative model also posits a negative reaction to injustice, but because different underlying processes are assumed, it generates at least two predictions that are not obvious in analyses based on instrumental and symbolic models. First, social justice norms represent social consensus, and it is expected that their violation should be seen as unacceptable by most observers. Thus, one would expect that violation of social justice norms, if detected, should lead to pubic objection and social pressure on the offender. We postulate that, because of the expectation of social support, one should react more negatively to violations of social justice norms under public scrutiny than in private. We should add that this difference is not expected for violations of personal justice norms, which should not be affected by the presence of others.

Second, if an action violates one type of justice norm, but is consistent with the other type, whether or not the recipient will react negatively will depend on the relative salience of these two types of justice norms. A corollary of this postulation is that the negative reactions to the violation of a given norm should be weakened by another norm that supports the violation.

CONCLUSIONS

The normative model of justice raises a number of issues about justice that have been relatively unexplored. We will review two major implications of the normative model for developing a few directions for future research.

Relative Importance of Procedural and Interactional justice

Although there is some debate about whether interactional justice is part of procedural justice, interactional justice usually shows stronger effects than procedural justice (defined as formal procedures) across various outcome variables. For instance, Moorman (1991) found that interactional justice showed a stronger impact on job satisfaction, altruism, and conscientiousness than formal procedures. Interactional justice was found to affect productivity, affective commitment and withdrawal behaviors, while formal procedures did not (Barling & Phillips, 1993; Williams, 1999). Leung et al. (1993) found that observers extended more sympathy and support to victims of interactional injustice than to victims of procedural injustice. Despite these consistent findings, there is no coherent account as to why interactional justice is more influential than procedural justice.

The normative model provides a simple explanation for these findings. The norm formation model of Bettenhausen and Murnighan (1985) discussed before suggests that norms gradually emerge when group members interact and share experiences. Interpersonal interaction is frequent in daily life, and its ubiquity should promote the development of well-defined, salient norms about interpersonal treatment. On the other hand, most people do not deal with procedural issues on a daily basis, and consequently normative standards about procedural justice should be less well defined and salient. Tong (2000) reasoned and confirmed that if interactional norms are indeed more salient and well developed than procedural norms, the mental effort, and hence the processing time, required for judging interactional issues should be lesser than that required for judging procedural issues. This analysis suggests that justice recipients should react more strongly to interactional than to procedural injustice because interactional norms are more salient than procedural norms. This reasoning is also consistent with a recent account of why interactional justice usually shows stronger effects than procedural justice proposed by Folger (2001). Based on an attributional analysis, Folger speculated that perceivers should be more certain in their ascription of moral responsibility to perpetrators of interactional injustice than to perpetrators of procedural injustice. We may argue that the salient norms associated with interactional justice are responsible for the more certain ascription of moral responsibility to perpetrators of interactional injustice.

Acceptance of Injustice

It is observed that under some circumstances people are able to tolerate injustice without negative behavioral reactions. For instance, some Asian American engineers complain about a glass ceiling that hinders them from progressing to managerial positions (Leong, 1996), but strong reaction against this perceived injustice is rare. The normative model suggests that the inaction of these victims may be due to their perception of a social norm that does not favor minority members in managerial positions. Justice models that prescribe absolute justice standards cannot provide a simple explanation for this phenomenon. Another example comes from Japanese Americans, who, during the Second World War, were subject to internment. Nagata (1990) reported that Nisei (second generation) Japanese Americans were less negative about the internment than were Sansei (third generation) Japanese Americans. One explanation for this difference is that the Nisei regarded the internment as less illegitimate than the Sansei because the Sansei were socialized to emphasize their rights as Americans.

FUTURE RESEARCH DIRECTIONS

Justice research has been developed quite independently of research on morality and ethics, despite their obvious close relationship. For instance, the notion of justice is prominent in Kohlberg's (1981) theorizing on moral development, but his work is rarely mentioned in justice research. Fortunately, Cropanzano and Rupp (2002) have recently turned to the field of moral development for insight about organizational justice. Perhaps one reason for the lack of theoretical integration between these two broad areas is that instrumental and symbolic perspectives are distant from normative and morality considerations. The normative model, together with morality approaches to justice, will provide a link for these two closely related areas. One obvious input from research on moral development is on the origin of justice norms. Justice norms do not emerge from a vacuum, but little is known about their origin and evaluation. In fact, some recent work has begun to examine the relationship between justice and morality (e.g., Batson, 2002). Decades of research on moral development and ethics would shed new light on our understanding of how justice comes to play such an important role in our social life.

Given the contextual emphasis of the normative model, it is also an ideal framework for exploring cross-cultural differences in justice behaviors because norm differences vary widely across cultures. At least two lines of cross-cultural research are possible. First, we should evaluate whether the basic mechanisms of the normative model of justice are applicable to a wide range of cultural contexts. Second, we should examine the variations of justice norms across culture and how these variations impact justice behaviors. Leung and Tong (in press) have proposed a framework for examining concrete justice behaviors across cultures, which provides a good starting point for exploring cultural variations in justice norms.

Toward a Comprehensive Model of Justice

Lind and Tyler (1988) suggested that the group value and the instrumental views of justice should be integrated into a more general theory, and considerable progress has been made in recent years (e.g., Brockner & Wiesenfeld, 1996; Skarlicki, Folger, & Tesluk, 1999). Although the normative perspective and morality approaches will necessarily complicate this theoretical integration, these new perspectives will broaden our understanding of justice phenomena and point to productive avenues for future research.

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Part II

IMPACT AND APPLICATIONS OF VALUES IN ORGANIZATIONS

CHAPTER 5

THE IMPORTANCE OF MONEY AS AN INDIVIDUAL DIFFERENCE ATTRIBUTE

Amy E. Mickel, Terence R. Mitchell, Stephen Dakin, and Sam Gray

ABSTRACT

In this chapter, we claim that individual differences about the importance of money are valuable for understanding attitudes and behaviors relevant to the field of management. We assert that the Importance of Money is a multidimensional construct and that the Money Importance Scale (MIS) is a valid instrument to measure the Importance of Money. We present findings which suggest that certain Money Importance dimensions are associated with a set of individual difference attributes and behaviors including: age, gender, marital status, equity sensitivity, and risk-taking propensities. Some of the Money Importance dimensions are also related to how entrepreneurs use money as a motivator and use formal control policies in the organization. Future organizational research on the Importance of Money as an individual difference attribute is discussed.

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INTRODUCTION

With all the current scandals involving executives in American companies, a number of critics and observers have asked whether our values have somehow gone astray. Do we value money too much? Do our attitudes about money influence our actions? Such an assessment is important because the changes in organizations over the past two decades have had an essentially economic rationale—we should only invest in things that provide a return; economic return is the only reason for determining business decisions. The essential underpinning of such a rationale is that money is important; indeed, the value people attach to money is paramount in business.

However, to date, apart from relatively simple research in which money is evaluated as one of a list of possible outcomes, there have been few attempts to develop valid and reliable ways of measuring the importance of money. The purpose of the research is twofold. First, we want to call attention to the fact that individual differences in the Importance of Money are valuable and relevant for understanding behavior in organizations. Second, we wish to demonstrate that the Money Importance Scale (Mitchell, Dakin, Mickel, & Gray, 1998) is a reliable and valid instrument to measure the Importance of Money.

In this chapter, we summarize existing research on individual differences pertaining to money. Next, we discuss a series of studies where the Money Importance Scale (MIS) was used in collecting data. The findings provide additional evidence that the Importance of Money is a multidimensional construct that can be assessed by people's attitudes and behaviors with regard to money. Furthermore, individual differences in the importance of money are associated with a number of personal attributes and behaviors that are relevant to business studies. The Money Importance Scale, which was designed to conduct research with business-oriented people, is further validated as a measure to be used in future organizational research.

BACKGROUND

There are a number of different general perspectives in the literature on money. Some authors describe its meaning, others its uses. There are individual, social and cultural points of view. A recent *Academy of Management Review* paper (Mitchell & Mickel, 1999) and book by Furnham and Argyle (*The Psychology of Money*, 1998) provide good reviews of this work. Since our focus is really on the use of an individual difference measure, we will provide only a cursory review of the "big picture."

Discipline Perspectives on Money

For economists, money is something with an agreed upon value that can be exchanged for goods and services. It is a utilitarian commodity. It is profane, with only quantitative meanings. Sociologists, on the other hand, see the market economy as a social institution. They look at it from a structural perspective, emphasizing roles and relationships, as well as from a cultural perspective that can highlight evocative meanings and cultural values. Social norms develop and mark the ways money is thought about and used. Both the economist and the sociologist look at aggregates: markets, societies, groups, and organizations. The individual is seldom the unit of analysis. While economic, social and cultural factors will certainly influence how individuals feel about money, individual differences are typically treated as error variance by these disciplines (Furnham & Argyle, 1998).

Unlike much of the research in sociology and economics, individual variation is the focal concern for many psychologists. Clinical psychologists discuss how feelings associated with money are related to various clinical states, anxieties and neuroses (Kasser & Ryan 1993, 1996). Money-related articles in psychology seem to focus on single personality attributes like self-esteem, or personality typologies, and their association with money beliefs and attitudes. Prince (1993a), for example, argues that one's self-concept, identity, possessions and money attitudes are all entwined. Belk (1985) also argues that views about money are an extension of the self. Interestingly, however, there is very little research exploring beliefs about money in the context of work organizations.

The important point brought out by this psychology literature is the deep-seatedness of money attitudes. Learned early and deeply entrenched, our feelings about money often reflect very basic things about our self-image and personality. As such, we would assume they would be related to a whole set of important organizational policies, activities, and behaviors.

The Management Literature

Much of the management literature concerned with money focuses on issues about pay (Heneman & Judge, 1999). For example, strategic management researchers have been interested in how pay levels for top level executives get established (see for example the seven papers in the April 1998 issue of the *Academy of Management Review*) and strategic human resources researchers have studied how compensation strategies influence individual and organizational effectiveness (Gomez-Mejia & Balkin, 1989).

Human resources approaches also focus on pay systems, their attributes (e.g., piece vs. hourly) and the effects on job attitudes and performance

(Heneman & Judge, 1999; Milkovich & Newman, 1993; Thierry 1998). The pay-for-performance idea has recently received considerable attention. It reflects the idea that "the more closely pay is tied to performance, the more powerful its motivational effect" (Guzzo & Katzell, 1987, p. 10). The reviews of this literature are generally positive (Beer & Katz, 1998; Furnham & Argyle, 1998; Gerhart, Minkoff, & Olsen, 1995; Lawler, 1971, 1981, 1990; Locke, Feren, McCaleb, Shaw, & Denny, 1980; Pearce & Perry, 1983), with a recent meta-analysis reporting an overall relationship of .24 (Mitra, Jenkins, Gupta, & Shaw, 1997) between pay levels and performance levels.

Most of this research looks at pay aspects and systems as independent variables and performance and/or satisfaction as dependent variables. Again, individual differences in the importance of pay would be treated as error. However, a number of writers have focused on how individual differences may be important. The theme in this research is that the key to successful compensation systems is to match the type of incentive system to one's individual need for or desire for money (Cable & Judge, 1994; Gerhart et al., 1995; Kristof, 1996; Lawler, 1981, 1990; Schneider, 1987). However, there is little explicit work in this tradition measuring individual differences in the importance of money.

A second area of research that reflects individual differences asks respondents to rank or rate a range of work outcomes in order of their significance. Lawler's (1971) summary of about 50 such studies showed that pay ranked in the top three outcomes in about two-thirds of the studies. However, while this research was explicitly concerned with variance in the importance of money, individual differences were of little interest. The point of the research was to demonstrate the overall importance of pay relative to other outcomes.

While the financial focus of human resources (HR) researchers is on pay and pay systems, organizational behavior (OB) researchers include a consideration of money and pay in their theories of motivation. These OB approaches are concerned with explaining how money in its various forms influences organizational behaviors like effort, persistence, and performance. While it is acknowledged that money varies in its importance across people and within people over time, and that money has multiple facets, the assessment of these individual differences, as we will see, has been only of tangential relevance.

Expectancy or VIE theory treats pay as an outcome whose valence may influence motivation (Lawler, 1981; Gerhart et al., 1995), but it is only one of a whole set of possible outcomes. Reinforcement theorists would argue that increases in performance following monetary rewards would suggest that pay was a positive reinforcer for an individual (Gerhart et al., 1995). However, individual differences, while recognized, are seldom examined in practice. Equity theory also sees pay as an outcome that one includes in fairness judge-

ments. But with the exception of some research on equity sensitivity (Miles, Hatfield, & Huseman, 1994), little individual variation is studied.

There are other motivational orientations that discuss pay. Locke and Latham's (1990) book on goal setting describes pay partly as a feedback mechanism (i.e., it reflects the degree of goal attainment) and as a means of influencing the goal difficulty level. Agency theory describes pay as a way to align the self-interests of employees with the self-interests of owners (Eisenhart, 1989; Gerhart et al., 1995). Research on job design, harking back to Herzberg (1959), often depicts pay as an extrinsic reward that is contrasted with the intrinsic rewards provided by enriched work (Griffin& McMahan, 1994; Hackman, 1991). Kohn's book (1993) argues that the effects of such rewards on performance are limited in both strength and duration. Individual differences, while implicit in the work, are not measured or highlighted in the research.

In summary, money is a frequent topic in our strategic management, human resources, and organizational behavior literature. It is obviously important. As Krueger says, "Money is probably the most emotionally meaningful object in contemporary life; only food and sex are its close competitors as common carriers of such strong and diverse feelings, significance and strivings" (1986, p. 3). Yet the importance of money of as an individual difference attribute is basically missing from our literature as a topic of interest. While some theory and a few good money-related measures have been published, minimal research has appeared in our management journals.

One of our objectives is to better understand the Importance of Money as an individual difference attribute. We view the Importance of Money as a fairly stable, multidimensional construct that can be understood through people's attitudes and behaviors with regard to money. We predict this construct will be related to other personal attributes and behaviors.

HYPOTHESES DEVELOPMENT

In this section, we will summarize the limited research on money attitudes, beliefs, and behaviors and their substantive findings. Some of the findings discussed in this section provide a background for the hypotheses we tested in our series of studies.

Existing Measures of Money Beliefs and Attitudes

The most prevalent type of research that has been done is to obtain some estimate of people's attitudes or beliefs about money and then associate this score or response with other attributes about the person. The cur-

rent literature on money measurement really consists of three general categories. The first category is composed of measures that are peripheral to the meaning of money but close. For example, Zuckerman (1983) has a 40-item scale designed to measure "sensation seeking," and Richins and Rudmin (1994) use a measure of "materialism" as a correlate of money related behaviors (e.g., spending, saving) and attitudes like life satisfaction. Finally, some investigators try to measure the utility or value of money through procedures like conjoint measurement (Parker & Schneider, 1982) or typicality ratings (Snelders, Hussein, Lea, & Webley, 1992). Note that these latter two techniques are really trying to assess the value or utility of money in terms of its reference to other objects or things rather than broader beliefs and attitudes about money and its importance.

The second category of measures is what we would describe as "idiosyncratic." Included here are scales that may have been used only once, had little real developmental work on reliability and validity and very little theory. Wernimont and Fitzpatrick (1972), for example, arbitrarily, (their word) selected 40 seven-point bipolar semantic differential scales (resulting in seven factors) to measure the meaning of money. Lindgren's scale (1980) has 12 items (e.g., money is the root of most evil, money corrupts whatever it touches) that were rated on five-point, agree-disagree scales. Finally, Prince (1993a) used seven questions to assess what he called beliefs (e.g., most rich people are vulgar and disgusting) and five questions were supposedly measures of money values (e.g., If I knew I wouldn't get caught, I might do something illegal if it meant a lot of money). Little psychometric or empirical data have been presented on the adequacy of these scales.

The third category of measures consists of three scales that have been developed more carefully and used more systematically. First, Furnham (1984; Kirkcaldy & Furnham, 1993) took the items from three other idiosyncratic measures and made them into the Money Belief and Behavior Scale (MBBS). This measure is composed of 60 belief statements that subjects rate on 7-point, agree-disagree scales. These belief statements came from the 62 items used by Yamauchi and Templer (1982), the Midas scale developed by Rubinstein (1980, 1981) and questions used by Goldberg and Lewis in their 1978 book *Money Madness*. Furnham reports alpha reliabilities of $r = .84$ on the overall scale and conducted a factor analysis that resulted in six factors: Obsession, Power/Spending, Retention, Security, Inadequate, and Effort/Ability.

Tang (1992, 1993, 1995) has also developed a scale on the ethical meanings people ascribe to money called the Money Ethic Scale (MES). The initial scale (Tang, 1992) contained 30 declarative statement type items and a factor analysis produced six factors: Good, Evil, Achievement, Respect, Budget, and Freedom. He also has developed a short form of the scale (Tang, 1995) with just 12 items.

A third scale, called the Money Importance Scale (MIS), was developed a few years ago by Mitchell et al. (1998). This scale was developed specifically to focus on behavior related to the importance of money as contrasted with the ethical focus of Tang's work or the broader symbolic meanings assessed by Furnham. In addition, the Money Importance Scale was designed to focus on organizational activities related to business. Mitchell et al. (1998) provides the details of scale development and initial reliability and validity estimates for this scale.

We felt that the Money Importance Scale was the best measure available to demonstrate the relationships between money importance and other variables studied in the field of management. (Table 5.1 provides a list of the items, dimensions, and their internal consistency estimates.) There is a general evaluative component (Value Importance of Money), a risk component (Comfort in Taking Financial Risks), a power related component (Money as a Source of Power and Status) and four behavioral components (Personal Involvement with Money, Time Spent Thinking about Financial Matters, Knowledge of Financial Affairs, and Skill at Handling Money). All of the dimensions focus on the importance of money to the individual and have a more behavioral emphasis.

Using the Money Importance Scale, it was the purpose of our research to show how such an individual difference assessment could be of importance for studying behavior in organizations. Some of our initial empirical tests investigated how the Money Importance Scale dimensions were associated with one another as well as other money-related individual difference measures. Most of our other hypotheses are based on the research that has been done with other measures as well as some hypotheses focusing on the behavior of entrepreneurs.

Some of our initial hypotheses are intended to demonstrate construct validity; specifically, how the Money Importance Scale dimensions would be associated with one another as well as other money-related individual difference measures. Looking at the dimensions of the Money Importance Scale, it appeared to us that three of the dimensions were more evaluative and affective while the other four were more behavioral and descriptive. These apparent similarities resulted in our first two hypotheses.

Proposition 1: *Scores on the Personal Involvement with Money, Time Spent Thinking about Financial Matters, Knowledge of Financial Affairs, and Skill at Handling Money dimensions will be associated with one another.*

Proposition 2: *Scores on the Value Importance of Money, Money as a Source of Power and Status, and Comfort in Taking Financial Risks dimensions will be associated with one another.*

Table 5.1. The Money Importance Scale

Category and Items	*Number of Itelms*	*Alpha*
Value Importance of Money (VIM)	4	.71
• I believe that the more money you have, the happier you are.		
• I value money very highly.		
• Money is important.		
• I daydream about being rich.		
Personal Involvement with Money (PIM)	5	.83
• I balance my check book fairly frequently.		
• I know how much money I have in the bank.		
• I make out a budget for my expenditures.		
• I use computer software to help with my finances.		
• I set financial goals for myself.		
Time Spent Thinking about Financial Matters (TTF)	4	.70
• I have explicit plans for how I can make more money.		
• I try to be aware of financial details like bank fees or interest charges.		
• I am always on the lookout for good financial investments.		
• I can tell you how much debt I have (e.g., car, credit card, mortgage, loans, etc.)		
Knowledge of Financial Affairs (KFA)	6	.78
• I frequently use financial terms like fiscal, return on investment or cash flow.		
• I read magazines about business or financial affairs (e.g., Business Week, Money)		
• I am aware of the tax implications of my financial activities.		
• I know what the stock market does each day.		
• I understand how banks make money on loans, mortgages, savings accounts, etc.		
• I know how the values of items have increased or decreased over the past year.		
Comfort in Taking Financial Risks (CFR)	3	.77
• I enjoy somewhat risky activities like white-water rafting, hang gliding and riding a motorcycle.		
• I would prefer to win big or lose big than to be conservative.		
• I am comfortable borrowing substantial sums of money for investment purposes.		

Table 5.1. The Money Importance Scale (Cont.)

Category and Items	*Number of Itelms*	*Alpha*
Skill at Handling Money (SHM)	6	.75
• I never have checks that bounce.		
• I am aware of where my money goes each month.		
• Whenever I have a little windfall (e.g., financial gift, small inheritance, overtime pay) I spend it rather then invest it. (reverse)		
• I use strategies to save or make money whenever I can, like having an interest-bearing check account or using credit to my advantage.		
• I always make sure I have a few dollars for emergencies.		
• I always pay up my bills on time.		
Money as a Source of Power and Status (MPS)	4	.77
• I talk frequently about how much money I have.		
• I always try to outdo friends and family in terms of material possessions.		
• I use money to influence others.		
• I tell people about my financial successes.		

In addition, we hypothesized that some of Tang's Money Ethic Scale (MES) factors were similar to Money Importance Scale (MIS) dimensions. The Money Ethic Scale factors include: Good, Evil, Respect, Freedom, Achievement, and Budget.

Proposition 3: *The Budget factor as measured by Tang's Money Ethic Scale will be positively related to scores on the Personal Involvement with Money, Time Spent Thinking about Financial Matters, Knowledge of Financial Affairs, and Skill at Handling Money dimensions of the Money Importance Scale.*

Proposition 4: *The Good factor as measured by Tang's Money Ethic Scale will be positively related to the Value Importance of Money dimension as measured by the Money Importance Scale.*

Previous Empirical Research

Individual difference attributes. Almost all of the empirical research, using any of the previously mentioned scales, focuses on other individual difference attributes that are associated with beliefs and feelings about money. These attributes can be divided into three categories. First, there are studies which correlate money attitudes with other attributes that

should have some logical association. For example, Kirkcaldy and Furnham (1993), using path analysis, found that ones' liking for hard work and desire for mastery and control were correlated with achievement motivation and competitiveness which were correlated with beliefs about the desirability and importance of money. Richins and Rudmin (1994) show that their measure of materialism is related to how people say they spend their money and give and save money. A study by Wong and Carducci (1991) shows a correlation between sensation seeking and financial risk taking based on 12 decision scenarios. Thus, people who value money highly and take risks with it are higher on attributes like sensation seeking, competitiveness, work ethic and control.

One attribute of particular interest to us, based on the current interest in justice issues, was Equity Sensitivity (Huseman, Hatfield, & Miles, 1985, 1987). These authors report that the importance of fairness or equity varies systematically across individuals with some people feeling more entitled (outcomes are more important than inputs) while others appear to be more benevolent (less concern with personal outcomes). These authors show that Equity Sensitivity is related to a variety of attitudes and preferences (Miles et al., 1994) and suggest that money is likely to be more important to Entitleds than Benevolents.

Proposition 5: *Scores for the Value Importance of Money dimension will be higher for Entitleds than for Benevolents.*

The second category of attributes is traditional personality measures. Tang (1992, 1993, 1995), for example, has shown that his Money Ethic Scale is correlated with Locus of Control (Externals think money is good and that it represents respect and achievement). People with a more religious orientation saw money as more evil while Type A people viewed it as favorable. Prince (1993a) found that negative beliefs about money, and those who have it, were associated with low self-esteem while more positive views about money were related to high self-esteem. Kirkcaldy and Furnham (1993) reported that positive beliefs about money were associated with achievement desires. A summary of these findings suggests a mixed picture: People who are desirous of money and think it is good often have high self-esteem and high need for achievement but are more external, Type A, and less attached to religious values.

The third attribute category consists of demographic or biographical variables. Quite a few studies investigated gender differences in beliefs and attitudes about money. Tang (1992, 1993, 1995) reported that women tend to budget less while men seem to value money more. Wong and Carducci (1991) found that men tended to be higher sensation seekers and risk takers then women, and Prince (1993b) and Furnham (1984) also found that

men were more likely to be risk takers. Pahl (1995) reported that males are more likely than women to manage the money in high income couples. Some of the above studies also looked at variables such as age or education. For example, Tang (1993, 1995) reports that as people get older they tend to budget more and see money in a less negative and more positive light. Furnham (1984) also found that young people were less careful with money. In addition, Furnham found that better educated people felt they had more control over money and were less obsessed by it.

Based upon this previous research we expected males to value money more than females and view money as a source of power and status. In addition, we hypothesized that males would be more comfortable taking financial risks than females. We anticipated that older people would be more concerned with (think about) and be more knowledgeable about financial issues. We had no previous studies related to marital status; however, we hypothesized that being married requires more money management. Therefore, married people are more personally involved with money and think about money more than unmarried people.

Proposition 6: *Scores for the Value Importance of Money, Comfort in Taking Financial Risks, and Money as a Source of Power and Status dimensions will be higher for males than females.*

Proposition 7: *Age will be positively related to the Time Thinking about Financial Matters and the Knowledge of Financial Affairs.*

Proposition 8: *Scores for the Personal Involvement with Money and Time Thinking about Financial Matters dimensions will be higher for married people than unmarried people.*

Behaviors and attitudes. Recently, some research on money has moved beyond examining the relationships among individuals' attributes to examining how money-related individual differences are related to outcome variables such as behaviors and attitudes. For example, Tang's more recent work has associated money ethics with some organizational attitudes and behaviors. Tang (1996) reports that gender and money ethic interact to predict preferences for pay allocations. Tang and Kim (1999) show that the budget, evil and success scales from the Money Ethic Scale have weak associations with job satisfaction (e.g., people who say money is not evil have higher satisfaction and organizational commitment). Tang, Kim, and Tang (in press) show that the Money Ethic Scale scales moderate the intrinsic job satisfaction-turnover relationship. For those who don't care about money, job satisfaction is related to turnover but this is not true for those who do have high Money Ethic Scale scores.

Of particular interest to us was the behavior of entrepreneurs. We felt that because these individuals often create and shape their business, their per-

sonal beliefs and feelings about money and risk taking would be reflected in their organizational design, structure, and process. Watson, Ponthieu, and Doster (1995) report poor money management as an important construct indicator of unsuccessful entrepreneurs and risk taking as an important construct indicator of successful entrepreneurs. In studying entrepreneurial self-efficacy, Chen, Greene, and Crick (1998) report entrepreneurship students to have higher self-efficacy in financial control than other students, and they report business founders to have higher self-efficacy in risk-taking than non-founders. Thus, there already exists some literature that shows important associations between money-related individual differences and outcome variables including behaviors of entrepreneurs.

We hypothesized that the way money was handled, how much financial risk was present, how money was used to motivate would all be related to the money-related behaviors and attitudes of entrepreneurs. We also predicted that valuing money highly and being involved with money would be associated with high job satisfaction for entrepreneurs and perhaps be associated with less positive views of human nature and lower levels of trust.

Proposition 9: *The Comfort in Taking Financial Risk dimension of the Money Importance Scale will be positively associated with the extent to which the company took financial risks.*

Proposition 10: *The Personal Involvement with Money dimension will be positively related to the extent to which the entrepreneurs were involved with handling the company money.*

Proposition 11: *Entrepreneurs who had high scores on the Knowledge of Financial Affairs, Personal Involvement with Money, and Time Spent Thinking about Money would use money as a motivator and have formal control policies.*

Proposition 12: *Entrepreneurs who were high on the Time Spent Thinking about Financial Matters, Skill at Handling Money, and Personal Involvement with Money dimensions will have high job satisfaction.*

Proposition 13: *Entrepreneurs who were high on the Time Spent Thinking about Financial Matters, Skill at Handling Money, and Personal Involvement with Money dimensions will have lower positive view of human nature scores than entrepreneurs with low scores on these scales.*

METHODS

We conducted three separate studies with slightly different goals in mind for each one. The first two samples were composed of MBA and business Ph.D. students while the third group was a sample of entrepreneurs. For all three

studies, we collected data using surveys. In addition to the Money Importance Scale, we included various biographical measures and measures of other constructs that should be related to the Money Importance Scale.

Rather than present each study separately we will first present a description of each sample and the measures involved. We decided on this presentation format because it allows us to show the same relationships (e.g., age or gender associated with the Money Importance Scale) within and across samples at the same time rather than presenting them separately for each sample.

Studies 1 and 2

For our first study, we collected data from 77 graduate students in business (62 MBAs, 15 Ph.Ds) who were attending a large state university. We distributed the survey in each student's school mailbox. Our response rate was 18%. The survey included the Money Importance Scale and a biographical information page including age, gender, marital status, and education (MBA or Ph.D.). The Money Importance Scale is shown in Table 5.1.

In our second study, we collected data the following year from 37 of the new graduate students (34 MBAs, 3 Ph.D.s) at the same state university. The data collection procedure was similar to our initial collection process. Our response rate was 22%. The distributed survey was similar to the first survey which included the Money Importance Scale and a biographical information page. In addition to the Money Importance Scale and biographical information page, Tang's 12-item Money Ethic Scale (Tang, 1995) was included.

Study 3

For our third study, we collected data from 52 entrepreneurs who had started their own businesses. These individuals were clients of a small business development center associated with a small southern college. We sent these surveys by mail and included a self-addressed, stamped envelope. Our response rate was 65%. In addition to the Money Importance Scale, a biographical information page, and Tang's 12-item Money Ethic Scale (Tang, 1995), an Equity Sensitivity Scale and questions about financial issues regarding how they run their business were included in the survey.

The Equity Sensitivity measure was the one developed by Huseman et al. (1985, 1987) and assesses the extent to which people see themselves as Entitleds (money is important and expected) or Benevolents (money is less important and unexpected). The items associated with how they ran their start up business included four composites: Formal Control Policies (4

items; e.g., I use a formal performance appraisal; I always use a budget in running my business, alpha = .82); Motivation (4 items; e.g., I use money as a motivator for employees; the company has a pay for performance plan; alpha = .79); Involvement with Company Money (7 items; e.g., I personally keep track of all company expenses; I know exactly how well we are doing financially; alpha = .85) and Financial Risk (2 items; e.g., the company's debt is high; debt is the best way to grow a company; alpha = .55). Seven-point, agree-disagree scales were used as the response format.

In addition, we had data from 26 of these 52 entrepreneurs who had responded to a very different questionnaire a year earlier. Most of these questions were about their business start-up (i.e., is this the first business you have owned? Is your business a franchise?) and were of no relevance for our study. However, there were some items associated with trust and satisfaction that we believed should be associated with the Money Importance Scale. These items were used to form two additional composites: Positive Bias (3 items; e.g., generally speaking, would you say that most people can be trusted or that you can't be too careful in dealing with people; would you say that most of the time, people try to be helpful, or that they are mostly just looking out for themselves; alpha = .75); and Job Satisfaction (3 items; e.g., all in all, I am satisfied with my job; in general, I like working here; alpha = .82).

In summary, there were three samples. The business student samples mainly helped us in looking at relationships between the Money Importance Scale and other individual difference attributes. The entrepreneur sample had some similar measures but also included some behavioral items—the way they structured their business and some items from an earlier questionnaire assessing Job Satisfaction and Positive Bias about others. This latter information was important for establishing some new relationships, over and above the associations among individual difference attributes such as biographical characteristics.

RESULTS

We had three general strategies for demonstrating that the Importance of Money is a valuable and unique individual difference attribute. First, we wanted to assess construct validity by examining the relationships among the Money Importance dimensions and similar constructs. Included here would be Pearson correlations among the dimensions of the Money Importance Scale and correlations with another similar measure, Tang's Money Ethic Scale. Second, we wanted to assess the extent to which the Money Importance Scale was correlated with certain individual difference attributes including other theoretical constructs such as Equity Sensitivity. This second set of associations provides some replications of previous findings as well as extending the associations between Money Importance and other attributes

and variables. Third, to assess criterion-related validity, we examined the relationships among the Money Importance Scale dimensions and the behaviors demonstrated by entrepreneurs in running their businesses.

Intercorrelations among Money Importance Dimensions

We combined the data from the two business student samples, partly because the samples were similar as were the results. With the intercorrelation of the seven dimensions, there are 21 unique coefficients and 11 of these were significant ($p < .05$), with coefficients ranging from –.15 to .55 and the average being .18. (We would not want these categories to be too highly correlated because it would suggest that they were not measuring separate facets of the importance of money). For the student sample, the average of the 11 significant coefficients was .32. For the entrepreneurial sample, while there were a similar number of significant relationships (12 vs. 11 for the students), all the correlations were at the same level or higher (mean r = .30), and some markedly so. For example, for entrepreneurs there was a much stronger association (.34) between their Skill at Handling Money and Money as a Source of Power and Status (MPS) than for students (–.15). The average of the 12 significant coefficients was .44. Table 5.2 presents these data. This suggests that Money Importance may be more central to the lives of entrepreneurs compared to the lives of graduate students.

Table 5.2. Correlations among Categories of Money Importance Scale: Business Student[a] and Entrepreneur[b] Samples

	Value Importance of Money	*Personal Involvement with Money (PIM)*	*Time Spent Thinking about Financial Matters (TTF)*	*Knowledge of Financial Affairs (KFA)*	*Comfort in Taking Financial Risks (CFR)*	*Skill at Handling Money (SHM)*	*Money as a Source of Power and Status (MPS)*
VIM	—	.16	.19*	.10	.21*	–.15	.23*
PIM	*.31**	—	.48**	.27**	.11	.31**	.02
TTF	*.34**	*.75***	—	.55**	.31**	.42**	.08
KFA	*.46***	*.51***	*.62***	—	.25**	.25**	.18
CFR	*.21*	*.03*	*.25*	*.29**	—	–.08	.07
SHM	*.21*	*.50***	*.48***	*.37***	*–.20*	—	–.15
MPS	*.36***	*.08*	*.17*	*.18*	*.34**	*.00*	—

* $p < .05$; ** $p < .01$ (2-tailed)

[a] Business student sample correlations are in the upper, right portion of matrix. (N = 114). Only two VIM items were the same for both business student samples.

[b] Entrepreneur sample correlations are in lower, left portion of matrix in italics. (N = 52)

In our analyses, two groupings of dimensions emerged.[1] A simple linkage analysis (McQuitty, 1958) showed that Knowledge of Financial Matters, Time Spent Thinking about Financial Affairs, Skill at Handling Money, Personal Involvement with Money, and Comfort with Financial Risks were all associated. These categories are relatively descriptive, assessing different aspects of the way an individual thinks about and behaves with regard to money.

The second grouping was more value laden. The Value Importance of Money and the Money as a Source of Power and Status were correlated. This relationship suggests that when money is wanted and valued, people will be willing to take risks to get it and may use it in ways that reflect power and status. These relationships suggest that we are tapping a multifaceted concept in which there are two primary dimensions: (1) level of activity and thought with respect to money and (2) the value attached to money. These data provide partial support for Propositions 1 and 2.

Associations with Tang's Money Ethic Scale

Tang's Money Ethic Scale (Tang, 1992) had six factors, and we correlated those six factors with the seven Money Importance Scale dimensions for the second student sample and the entrepreneurs. (The Tang scale was not distributed to the first sample). We did not collapse these samples even though many of the findings were similar because these are very different groups of people. We should mention at the outset that Tang was attempting to measure ethical beliefs and values associated with money. Therefore, except for the Budget factor and two items in his Good factor that were worded very similarly to two of the Value Importance items, his items are generally more affective and evaluative than the behavioral items in the Money Importance Scale.

The Budget factor includes behavioral items like "I use my money very carefully" and as expected, in both samples, this dimension was correlated significantly with four MIS dimensions which reflect Time Thinking About Financial Matters, Knowledge of Financial Affairs, Personal Involvement with Money, and Skill at Handling Money. We expected these associations to be significant (Proposition 3). Table 5.3 presents these data.

The Good items from Tang were also highly correlated with our Value Importance items, as expected (Proposition 4). These are highly affective and have two very similar items. For the entrepreneur sample, the Value Importance of Money, Money as a Source of Power and Status, and Comfort in Taking Financial Risks dimensions from the MIS were associated with the Respect (e.g., money is honorable) and Achievement (e.g., money's a symbol of success) factors from Tang's scale. While we did not

hypothesize these relationships, it makes sense that these more affective dimensions should be associated.

There are also some interesting substantial differences that were again uncovered between the student and entrepreneur. As before, there are more significant correlations between Money Ethic Scale and the Money Importance Scale for the entrepreneurial sample than there are for the student sample. With the exception of students who have less personal involvement than entrepreneurs with money, there are no correlations with Tang's evil scale at all. This is likely to be because of the low variance for the evil scale in both samples. Neither business students nor entrepreneurs are likely to be doing what they are doing if they view money as evil. Entrepreneurs are much more likely than students to associate money-oriented behavior with respect. Thus, for entrepreneurs, to the extent that they value, think about money, are personally involved with money, take financial risks, etc., they are also more likely to believe that money confers respect from others. These links are not present for students. This further suggests that for entrepreneurs, money is a central part of the fabric of their lives.

Individual Difference Associations

The Equity Sensitivity construct (Huseman et al., 1985) suggests that people vary in the extent to which they are sensitive to inequity. Entitleds tolerate positive inequity (where they receive more than others) while Benevolents are tolerant of negative inequity (where they receive less than others) Our expectation, in line with the results of Miles et al. (1994) was that Entitleds would place greater emphasis on money than Benevolents. For the entrepreneurs, the Value Importance of Money was significantly and positively correlated with entitlement and negatively correlated with benevolence. These data support Proposition 5 and are presented in Table 5.4.

We gathered data on age, marital status, gender, and education level from our samples. For the combined data from the business students some interesting data emerged. We should initially point out that 7 of the 28 coefficients (7 dimensions by 4 biographical variables) were significant and this is more then we should find by chance. Table 5.4 presents these data.

Males were more likely to value money, take financial risks and use money for power and status than were women. These findings support Proposition 6. Males also report having more knowledge of financial affairs than women (controlling for age), and men valued money higher than women. The relationship of gender and knowledge of financial affairs remained significant when age was partialled out (age was related to

Table 5.3. Correlations between Tang's Money Ethic Scale and Money Importance Scale: Business Student[a] and Entrepreneur[b] Samples

	Value Importance of Money	*Personal Involvement with Money*	*Time Spent Thinking about Financial Matters*	*Knowledge of Financial Affairs*	*Comfort in Taking Financial Risks*	*Skill at Handling Money*	*Money as a Source of Power and Status*
Good	.88**/*.78**	.39*/*.33**	.50**/*.27*	.29/*.41***	.03/*.07*	.15/*.24*	.24/*.17*
Evil	−.18/*.02*	−.44**/*.15*	.02/*.15*	.05/*.15*	.16/*.11*	.30/*−.06*	.20/*.07*
Achievement	.67**/*.61***	.27/*.28**	.25/*.24*	.13/*.31**	−.03/*.34**	.06/*.19*	.22/*.36***
Freedom	.29/*.35*	.13/*.14*	.25/*.11*	.06/*.14*	−.19/*.18*	.37*/*.16*	.05/*.23*
Respect	.40*/*.64***	.02/*.32**	.16/*.40**	.14/*.28**	.08/*.35**	.14/*.05*	.30/*.30**
Budget	.18/*.16*	.35*/*.47***	.54**/*.43***	.38*/*.28**	−.09/*−.09*	.58**/*.65***	−.09/*.01*

* $p < .05$, ** $p < .01$ (2-tailed) Business students/Entrepreneurs

[a] Business student sample correlations are left of "/". (N = 114)

[b] *Entrepreneur* sample correlations are right of "/" in italics. (N = 52)

Knowledge of Financial Affairs). In general, these data suggest that money is more important to men than women, especially in affective ways.

Age was positively associated with Knowledge of Financial Affairs, but not with Time Thinking about Financial Matters. Age was also negatively correlated with the Value Importance of Money. Married people reported having more Personal Involvement with Money than unmarried people. Divorced people spent more Time Thinking about Financial Matters and had more Comfort in Taking Financial Risks than married or single people. These biographical associations replicate other findings in the literature and generally support Propositions 7 and 8.

We also made group comparisons across our samples of MBAs, Ph.D.s and entrepreneurs. An overall ANOVA showed that the three groups were significantly different on the Value Importance of Money, with the MBAs highest and the entrepreneurs lowest. In addition, the Ph.D. students scored significantly higher than the MBAs on the Knowledge of Financial Affairs, ($p < .01$) and again, this result stayed significant with age partialled out.

Behaviors and Attitudes Associations

To focus more directly on behavior and to examine criterion-related validity, we looked at the relationships between the Money Importance Scale dimensions and the behavioral factors from the entrepreneur survey. (Formal Control Policies; Motivation; Involvement with Company Money; and Financial Risk). Knowledge of Financial Matters was positively related to all four factors. Personal Involvement with Money, Skill at Handling Money, and Time Thinking about Financial Matters were positively related to Formal Control Policies, Motivation, and Personal Involvement with Company Money. Comfort in Taking Financial Risks was positively related to Financial Risk, Motivation and Involvement with Company Money factors. Finally, Value Importance of Money is positively related to Formal Control Policies. These data are generally supportive of Propositions 9–11 and are presented in Table 5.5.

These data suggest three general findings: (1) entrepreneurs' money-related behaviors are significantly related to financial issues in the running of their businesses; (2) entrepreneurs that are more comfortable in taking financial risks are more likely to take financial risks for the company and use money as a motivator; and (3) those who highly value money are more likely to implement formal control policies in their organization.

Some of the entrepreneurs' MIS responses were also significantly associated with the two composites from the earlier survey (Job Satisfaction and Positive Bias toward people). Personal Involvement with Money was positively related to Job Satisfaction. This result supports Proposition 12. Lastly,

Table 5.4. Correlations among Individual Difference Attributes and Money Importance Scale

	Value Importance of Money	*Personal Involvement with Money*	*Time Spent Thinking about Financial Matters*	*Knowledge of Financial Affairs*	*Comfort in Taking Financial Risks*	*Skill at Handling Money*	*Money as a Source of Power and Status*
Age	−.31**	−.01	.27**	.11	.07	−.01	−.10
Females	−.19*	−.03	−.13	−.22*	−.23*	.06	−.24*
Males	.19	.03	.13	.22*	.23*	−.06	.24*
Married	−.15	.20*	.08	.09	−.08	.13	.06
Single	.14	−.22*	−.14	−.10	.02	−.11	−.09
Divorced	.06	.07	.22*	.02	.20*	−.05	.08
Entitleds	.70**	.14	.13	.23	−.05	.25	.26
Benevolents	−.68**	−.17	−.11	−.23	.12	−.27	−.22

* $p < .05$; ** $p < .01$ (2-tailed)
Age results are based on the combined populations of students and entrepreneurs (N = 166).
Gender and marital status results are calculated with business student population (N = 114).
Entitleds and Benevolents are calculated with entrepreneur sample (N = 52).

Skill at Handling Money was negatively associated with Positive Bias toward People; as was the overall Value Importance of Money. In other words, those who reported that they are skilled at handling money and value it highly viewed other people in a less trusting, less positive light. These data partially support Proposition 13.

DISCUSSION

The purpose of this research was twofold. First, we wanted to call attention to the fact that individual differences in the Importance of Money are valuable and relevant for understanding behavior in organizations. Second, we wished to demonstrate that the Money Importance Scale is useful and related to other variables that are relevant for management scholars. In other words, we wanted to provide some evidence of construct validity and criterion-related validity of the Money Importance Scale.

We gathered Money Importance Scale data and measures of other variables from two samples of business students and one of entrepreneurs. The intercorrelations among the seven dimensions were not particularly high overall which suggests we did tap different aspects of the importance of money. In addition, two general groupings of dimensions emerged. There was a group of dimensions (e.g., Personal Involvement with Money, Knowledge of Financial Affairs) that reflected a dispassionate set of beliefs and behaviors related to one's knowledge and expertise in handling money. Second, there was a more affective set of dimensions (e.g., Value Important of Money, Money Used for Power and Status) that represented one's emotional and value laden reactions to money. These findings provide additional support that the Importance of Money is a multidimensional construct that can be assessed by people's attitudes and behaviors with regard to money. Furthermore, the coefficients are stronger for entrepreneurs than for students; this finding suggests that money may be more important for entrepreneurs than for students.

The Money Importance Scale was correlated with Tang's (1992) Money Ethic Scale, and for the most part, dimensions we expected to be correlated with one another were indeed correlated. These relationships demonstrate convergent validity and generally support the construct validity of the Money Importance Scale.

The Value Importance dimension from Money Importance Scale was also correlated with the extent to which people felt they were Entitled, as assessed by the Equity Sensitivity measure of Huseman et al. (1985, 1987). We also correlated the Money Importance Scale dimensions with four biographical attributes: age, gender, marital status, and education level. These results replicated some earlier findings (e.g., Men take more financial

Table 5.5. Correlations among Entrepreneur Factors and Money Importance Scale

	Value Importance of Money	*Personal Involvement with Money*	*Time Spent Thinking about Financial Matters*	*Knowledge of Financial Affairs*	*Comfort in Taking Financial Risks*	*Skill at Handling Money*	*Money as a Source of Power and Status*
Formal Control	.37**	.55**	.40**	.40**	.11	.48**	.17
Motivation	.24	.49**	.41**	.44**	.38**	.31*	.24
Involvement with Company Money	.04	.42**	.33*	.31*	.22	.38**	−.09
Financial Risk	.25	.17	.12	.31*	.42**	−.19	.05
Positive Bias	−.30	−.23	−.14	.16	−.08	−.40*	.05
Job Satisfaction	−.05	.50*	.16	−.02	−.24	.11	−.16

* $p < .05$; ** $p < .01$ (2-tailed) N = 52

risks, older people know more about money) and uncovered some that had not been reported before in the literature but make sense. For example, MBA students placed a higher value on money than Ph.D.s, and married people have more personal involvement with money than single people. This demonstrates that the Importance of Money is related to other individual difference attributes.

Finally, with our entrepreneur sample, we went beyond intercorrelations of individual differences and looked at relationships between the Money Importance Scale and various business and organizational decisions and behaviors. The dimensions of the MIS were related to how much entrepreneurs use money as a motivator, take financial risks, are personally involved with financial aspects of their company and use formal control policies. This provides some evidence of criterion-related validity. Furthermore, very few studies (e.g., Tang, 1996) have associated individual difference money measures with these types of organizational actions and activities.

Limitations

There are, however, three major shortcomings of this research. First, the sample sizes for all three samples were relatively small. We distributed more than 575 questionnaires to the MBAs but the combined response rate was simply not high enough to allow us to use reliably various psychometric procedures such as exploratory and confirmatory factor analyses. Such work needs to be done.

Second, even though we had subjects at different academic levels and a sample of entrepreneurs, many of our subjects were MBA students. For the MBAs, everyone had work experience. However, these samples are still far narrower than a cross section of managers (let alone all employees) working in organizations today. Thus, generalizing our findings from these initial results is problematic.

Third, many of the relationships discussed reflect self reports correlated with self reports at the same point in time and may be subject to inflation due to method variance. However, we should mention that the response formats for many of our measures varied substantially (e.g., the biographical variables, the Money Importance Scale, and the Equity Sensitivity measure). In addition, some of the entrepreneur data came from a sample that was surveyed a year prior to the assessment of the Money Importance Scale. These latter elements of the data gathering strategy are helpful in dealing with method variance problems but obviously do not entirely eliminate this concern.

Work in Progress

In order to overcome some of these problems we have conducted two additional studies and are currently analyzing these data. The first study involved 75 students from a large public university who were making career choices and had sought advice from the Student Counseling Center. They have completed the Money Importance Scale and at a later point indicated career preferences and filled out the Strong Interest Inventory.

We are currently investigating whether these money attitudes and behaviors are related to career preferences and job choices. We had independent ratings of the extent to which particular occupations involved the use and handling of money. The initial results clearly demonstrate that the scores on the Money Importance Scale are correlated with occupational and career preference as well as preferences for certain organizational characteristics such as performance-based pay.

The second study has 283 job holders from many different organizations (alumni of a large university) who have completed a survey which includes: the Money Importance Scale, their preferences for certain organizational attributes (e.g., profit or nonprofit, pay-for-performance), their perceived fit with their current organization, their job satisfaction, and organizational commitment. We also had independent raters and public information about the organization that helped us to assess the actual attributes of the organization.

The results appear promising here as well. The findings suggest that money-related behaviors are significant predictors of organization preference and choice (for-profit vs. nonprofit). Specifically, individuals who place importance on money as measured by their money behaviors (e.g., knowledge of financial affairs, think about financial affairs, personally involved with money, etc.) prefer to work in and chose to work in a for-profit vs. nonprofit organization than those individuals who place less importance on money. Furthermore, men are more likely to work in for-profit organizations, and women are more likely to work in nonprofit organizations.

In terms of compensation preferences, individuals who place importance on money prefer pay based in individual performance, stock options, and high compensation for executives. Money behaviors (e.g., knowledge of financial affairs, time spent thinking about finances, comfort in taking financial risks, etc.) are stronger predictors of compensation preferences than money attitudes (e.g., money as a symbol of achievement, power and status). However, money attitudes are significant predictors for preferences for stock options and high rewards for executives. Men are more likely to prefer high compensation for executives than women. While the results from this work are still evolving and are tentative, we can say with some cer-

tainty that Money Importance dimensions are related to job and career choices and that the better the perceived fit between these attitudes and the jobs in which people find themselves, the higher their job satisfaction and organizational commitment.

CONCLUSION

The major conclusion from this research is that an individual difference assessment of the Importance of Money can be useful in the field of management. The Importance of Money is a multidimensional construct that can be evaluated by people's attitudes and behaviors with regard to money. Such a construct appears to be associated with important individual difference attributes, with motivational variables, job attitudes and with preferences for elements of organizational structure and design.

The next step is to use it in more creative and perhaps predictive ways. At the heart of a business organization are the ideas that people are grouped together to create financial value through the creative and clever use of financial resources. We would suspect that the Money Importance Scale will be associated with aspects of these activities such as success at reaching budget goals. The Money Importance Scale should also be related to the differential effectiveness of reward systems or control systems in new organizations. People should seek and perhaps do better in jobs that require financial knowledge and expertise if they have high scores on various Money Importance Scale dimensions. Different business strategies (e.g., riskiness) should also be associated with Money Importance Scale dimensions. In short, organizational theory and practice pertaining to selection, placement, motivation, and reward systems may benefit from knowledge of individuals' behaviors and attitudes about money.

NOTE

1. Due to our small sample size, we were unable to conduct a factor analysis. However, in a more recent study where N=283 (see discussion section), we ran a factor analysis of the Money Importance Scale dimensions. The preliminary analysis provides further evidence that there are two main components or groupings of MIS dimensions: one more behavioral and more value laden.

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CHAPTER 6

IS VALUES-BASED LEADERSHIP ETHICAL LEADERSHIP?

Michael E. Brown and Linda K. Treviño

ABSTRACT

Management scholars and practitioners have often equated values-based leadership with ethical leadership but we propose that these two constructs are distinct. In this chapter we review the social scientific literature on values-based leadership and find that values content and the values transmission process have been largely ignored. We also review the emerging ethical leadership literature. We observe that ethical leadership involves much more than transmitting a set of ethical values to followers. We discuss the overlaps and differences between these two constructs and provide suggestions for future research.

INTRODUCTION

Values-based leadership has been touted for many years as a popular management tool. The basic tenet of values-based leadership is that leaders can and should influence followers' values in order to motivate employees and

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achieve superior performance. Values-based leaders are credited with creating companies that are "built to last" (Collins & Porras, 1994). At the same time, they have been given the responsibility for restoring the public's confidence and trust in business that was severely weakened after recent scandals (Pellet, 2002). Given these scandals and the questions they have spawned about the ethics of corporate leaders, it seems important to understand the relationship, if any, between values-based and ethical leadership. Executives from companies such as Enron were once listed among the best managers in America. In addition to being heralded for producing outstanding bottom line performance in the 1990s, Enron's Chairman, Ken Lay was held up as a leader of integrity and the company's corporate values were proudly touted on its website. But, now Lay is being blamed for overseeing the development of a Darwinian corporate culture that allowed greed to dominate, resulting in one of the largest corporate bankruptcies in American history. What happened? What is values-based leadership and what is its connection, if any, with ethical leadership? Despite its popularity and presumed positive effects, values-based leadership remains poorly understood. Few empirical studies have investigated the "content" of leader values (i.e., the specific values conveyed by values-based leaders) or the "processes" by which leaders convey these values to followers. We are beginning to learn more about ethical leadership, but its relationship with values-based leadership remains unclear.

In this chapter, we will review knowledge about values, values-based leadership and associated concepts, charismatic and transformational leadership. We will also review recent research on ethical leadership. We will argue that the relationship between values-based leadership and ethical leadership depends, in part, on the content of the values transmitted—i.e., the values must be moral values. But, we will also argue that ethical leadership involves much more than transmitting moral values. Ethical leadership depends upon personal characteristics and management behaviors (some of them transactional rather than transformational) that get followers' attention, and provide them with the ethical guidance they need.

THE NATURE OF VALUES

Before launching into a discussion of values-based leadership, it is important to understand the nature of values. Values are characterized by "oughtness," and describe a person's internalized beliefs about how he or she ought to behave (Meglino & Ravlin, 1998, p. 354). Rokeach (1973, p. 5) defined a value as "an enduring belief that a specific mode of conduct or end-state of existence is personally or socially preferable to an opposite or converse mode of conduct or end-state of existence." Values are thought

to remain fairly stable over time although they are capable of change, and they influence attitudes and behaviors.

Based on the work of Rokeach (1973), individual values are commonly classified into two categories (terminal and instrumental) based on the intent of the values. Terminal values are end states of existence that individuals strive to achieve (e.g., a sense of accomplishment, true friendship) while instrumental values are modes of conduct that lead to attainment of terminal values (e.g., ambitious, logical). Most organizational research on values has focused on instrumental values and has used Rokeach's values measure (Meglino & Ravlin, 1998).

More recently, Schwartz (1992, 1996) provided an overarching theoretical structure for understanding individual values, arguing that values fall along two main dimensions. The first dimension, self-enhancement versus self-transcendence, refers to whether the values relate to individual versus collective interests. Individual-oriented values emphasize power and achievement (e.g., ambition, success, capability) while collective-oriented values stress benevolence and universalism (e.g., helpfulness, equality, acceptance). The other dimension, innovation versus conservatism, refers to values that are oriented toward risk-taking (daringness, excitement, creativity) versus security and conformity (acceptance, tradition, obedience). According to Schwartz, values are compatible when they share the same underlying dimension (i.e., power and achievement) and conflict when they lie at opposite ends of a dimension (i.e., achievement and benevolence). Schwartz (1996) noted that specific values, such as the ones appearing in Rokeach's values instrument, are not good predictors of behavior. He argued that clustering values into more general types allows the researcher to make better predictions because these values types are indicators of broader values categories.

Despite the interest in values-based leadership, little research has actually investigated leaders' values (see Hambrick &Brandon, 1988). However, England (1967) was particularly interested in the values of managers. He measured the values of American managers using his Personal Values Questionnaire (PVQ), a 66-item survey that sampled the importance managers placed on values relating to specific organizational goals (i.e., high productivity, organizational efficiency), individual goals (i.e., achievement, power, success), constituent groups (i.e., employees, customers, stockholders, government), ideas about people (i.e., ambition, loyalty, compassion, honor), and ideas about general topics (i.e., authority, conflict, religion, liberalism, conservatism). In addition to asking managers to rate the importance of each value, he also attempted to assess managers' value orientations in terms of: pragmatism (values are important if they are associated with business success), ethicality (values are important if they are the ethically right thing to do) or effect (values are important if they are associ-

ated with pleasant outcomes). England found the dominant orientation among American managers to be pragmatism (they identify values as important because they are associated with business success) (Hambrick & Brandon, 1988).

In sum, values have been studied for decades and a variety of conceptual and measurement approaches have been developed. Little research has been conducted on leader values, although American managers have been found to be oriented toward pragmatism rather than ethicality. Surprisingly, the literature on values-based leadership has rarely addressed the types of values conflicts assumed in Schwartz's (1992, 1996) values theory. In fact, the values literature seems mostly divorced from the literature on values-based leadership.

VALUES-BASED LEADERSHIP— AN HISTORICAL PERSPECTIVE

Although the values-based leadership label entered the management lexicon relatively recently, similar concepts have existed in the leadership literature for decades. Barnard (1938) was one of the first to argue that leaders should shape and guide organizational values. Two decades later, Selznick (1957) charged that leaders should infuse their organizations with value beyond the technical requirements of the task at hand. More recently, popular business books have reiterated that effective leaders manage their businesses based on core values (Chappell, 1999; Collins & Porras, 1994; Fairholm, 1991), while in the academic literature, charismatic and transformational leadership theorists have hypothesized and found that leadership based on a shared set of values is highly satisfying and motivating for followers (Bass, 1985; Burns, 1978; Shamir, House, & Arthur, 1993).

A wide variety of transformational/charismatic leadership approaches have been labeled values-based leadership (House, 1996). Burns (1978), Bass and colleagues (Bass, 1985; Bass & Avolio, 2000), House and colleagues (House, 1977; Shamir, House, & Arthur, 1993) and Conger and Kanungo, (1987, 1998) are the leading researchers in this area. But, a careful look at this literature suggests confusion about the values-based leadership construct. What exactly is values-based leadership? What do we know about the content of the values conveyed by values-based leaders? And, what types of influence processes are involved?

Values Content in Values-based Leadership

What kinds of values do values-based leaders transmit? One of the recurring themes in the literature is that values-based leaders transmit moral and ideological values (House, 1996). Burns (1978), the intellectual father of transformational leadership, suggested that values-based leadership depends upon the moral content of the values conveyed. Burns argued that transformational leaders encourage followers to embrace moral values such as justice, equality, and the interests of the collective over the individual. But, Burns' discussion of transformational leadership was based on political and religious contexts where values-based leadership more commonly involves moral or ideological values. Applying Burns' thesis to business contexts seems problematic. It is not clear whether or how values such as justice and equality are relevant in modern, public business organizations where the dominant stakeholders are often shareholders and the dominant values in corporate values statements often emphasize innovation, competitiveness, profitability, and success.

In addition, some academics have argued that values-based leadership, especially charismatic leadership, can have a narcissistic, self-aggrandizing "dark side" (Bass, 1985; Howell & Avolio, 1992; Parry & Proctor-Thomson, 2002). In a qualitative, interview-based study, Howell and Avolio (1992) found systematic differences between ethical and unethical charismatic leaders. For example, unethical charismatic leaders made decisions based upon self-interest rather than internal moral standards. Bass and Steidlmeier (1999) now differentiate conceptually between "authentic" and "pseudo" transformational leadership. They argue that authentic transformational leadership rests upon the leader's moral character, the legitimacy of the leader's (and their follower's) values, and the morality of the leader's choices and actions. Pseudo transformational leaders seek power at the expense of others, are unreliable, deceptive, manipulative, and self-interested. In their formulation, value legitimacy and moral content are hallmarks of authentic transformational leadership. Other theorists such as House and colleagues (House, 1996; Shamir, House, & Arthur, 1993) and Kanungo and Mendonca (1996) have also suggested that values-based leaders convey ideological and moral values. Despite the emphasis on moral content in theories of values-based leadership, there have been few empirical investigations that have studied the transmission of specific values by values-based leaders and their acceptance by followers. As a result, little evidence supports the assumption that moral values are being transmitted by values-based leaders and accepted by their followers.

Values-based Leadership as an Influence Process

Similar to the issue of values content, there are many assumptions about the process of values-based leadership. But the actual influence process has been rarely investigated and remains poorly understood (Yukl, 1999). We discuss the values-based leadership influence process more generally, and then focus on the influence processes discussed within the transformational/charismatic leadership literature.

Leaders are, by definition, agents of influence. And, values are thought to be important because if accepted, they guide and shape followers' attitudes, decisions, and actions (Allport, 1955; Rokeach, 1973; Schwartz, 1992). But, the "process" by which leaders successfully convey values to followers remains ambiguous and the values-based leadership literature has done little to help us understand the values transmission process. Researchers are just beginning to focus on how this process works—how leaders and followers come to share a set of values.

Let's consider values-based leadership as an influence process. Values-based leaders have a values message (teamwork, change orientation, achievement, etc.) that they intend to transmit in order to influence followers' work values. When we conceptualize values-based leadership as an influence process, the leader becomes the influencing agent and his or her direct reports are the targets of that influence attempt. Identification, internalization, and compliance represent three different influence processes that have been used to explain why people follow leaders (Kelman, 1958). Of these three, internalization—influence based on shared values between leader and direct reports—is most often associated with values-based leadership and is thought to produce the most powerful and lasting effects (Kelman, 1958; O'Reilly & Chatman, 1986).

Internalization

Values internalization is thought to be the most effective influence process because leaders who transform the ordinary tasks and instrumental goals of an organization into value-laden activities can bring about exceptional follower commitment (Selznik, 1957). The values-based leadership literature assumes that values internalization will take place. In its strongest sense (Kelman, 1958), internalization means that followers adopt their leaders' values as their own and use them regardless of the context, meaning outside of work and outside of the leader-subordinate relationship. We are aware of no research that has actually tested whether or how often such strong values internalization occurs and we suspect that it is rare. Therefore, we use the term internalization in a weaker (but, we believe more realistic) sense, to mean that employees come to voluntarily accept their leaders' values as guiding principles for their work in the

organization. Accepted values are values that subordinates maintain "only in the context of the role relationship" with the leader (Eagly & Chaiken, 1993, p. 639). But, no matter which definition of internalization one uses, little empirical research exists to help us understand whether or how this process actually occurs.

Compliance

It is arguable that, because of their subordinate role, employees will simply accept the values messages that leaders transmit. Leaders do have a certain amount of power (legitimate, reward, coercive) to prescribe behavior and their employees may accept the values they transmit because they will be punished if they don't or rewarded if they do. Leaders who rely on compliance use their legitimate, reward or coercive power to reinforce desired behaviors. Employees comply because performing certain behaviors produces desired rewards or avoids punishments. However, compliance is thought to be limited as an effective influence process because it may encourage unintended and undesirable behaviors (Kerr, 1975). Further, employees can be expected to withdraw their effort when desired rewards or outcomes are no longer present. A compliance approach is also considered to be ineffective for heightening follower commitment, satisfaction and motivation especially when used alone as an influence strategy (Bass, 1985, 1998; Yukl, 2002) and it is thought to result in workers who have weak involvement with the leader and organization (Etzioni, 1961). Voluntary values acceptance is preferred because it is likely to be driven by the leader's credibility, expertise, and attractiveness as an influence agent (French & Raven, 1959; Kelman, 1958). Also, when values are accepted voluntarily, employees are more likely to use them even when their manager isn't looking over their shoulder. Thus, voluntarily accepted values operate trans-situationally and serve as more powerful and enduring guides of actions and decisions.

Identification

Like compliance, identification is considered to be a weak form of influence compared to internalization. When influence is predicated on personal identification, followers act because they like their leader, not because they share his or her values. Only when followers internalize values does the influence process transcend the force of compliance vested in formal authority and the power of identification based on individual personalities to produce lasting and powerful effects (O'Reilly & Chatman, 1986).

TRANSFORMATIONAL/CHARISMATIC LEADERSHIP AND SHARED VALUES

Within the transformational leadership paradigm, "shared" values play a central role. But, it isn't clear how these values come to be shared. For example, to what extent does the leader transmit his/her values to followers who then internalize them? Alternatively, to what extent does the leader recognize and represent the followers' existing values? Or, does transformational leadership represent some combination of these two processes?

Burns' Transformational Versus Transactional Leadership

Burns (1978) introduced the concept of transformational leadership and distinguished it from compliance-based, transactional approaches. Transactional leadership is characterized as an exchange, where leaders and followers cooperate not on the basis of shared values, but rather, on the basis of their own self-interest and agendas. By contrast, Burns wrote that transformational leaders induce "followers to act for certain goals that represent the values and the motivations-the wants and needs, the aspirations and expectations-of both leaders and followers. And the genius of leadership lies in the manner in which leaders see and act on their own and their followers' values and motivations" (1978, p. 19).

Burns cited Kohlberg's (1969) theory of cognitive moral development, Maslow's (1954) theory of human needs, and Rokeach's (1973) theory of values to explain why transformational leaders are influential. Transformational leaders are thought to understand and satisfy their followers' lower-level existence needs, allowing them to focus on their followers' higher-level growth needs. They also are thought to move followers to higher stages of moral development, by directing their attention to important principles and end values such as justice and equality. Burns suggested that transformational leadership could be measured by the degree to which followers and leaders share these common end values (although we know of no published empirical research that has documented this). Developing shared values in concert with followers was an important element of transformational leadership for Burns, because transformational leaders were not manipulative. He assumed that followers were capable of choosing among leaders and agendas and would follow those leaders whose values were most deserving of their support. Thus, Burns' approach suggests a kind of mutual influence process whereby transformational leaders are sensitive to and satisfy the existing needs and values of their subordinates while inspiring them to focus on higher-level needs and moral values.

Bass and Colleagues Transformational Leadership

Bass (1985) built upon Burns' work and translated it for application to business organizations. Bass and Avolio developed transformational leadership as a social scientific construct and have produced the most-widely used measure, the Mulitfactor Leadership Questionnaire or MLQ (Bass & Avolio, 2000). The results from numerous studies using the MLQ, most at the supervisory level, have shown that transformational leaders influence followers' motivation, satisfaction and performance (Avolio, 1999).

Values internalization remains central to the proposed influence process. Like Burns, Bass noted that transformational leaders push followers to move beyond their own self-interest and to work for a higher purpose. But, Bass is more specific about the processes involved. Transformational leaders influence followers through four types of transformational behaviors-individualized consideration, intellectual stimulation, idealized influence, and inspirational motivation. Individualized consideration means that transformational leaders look beyond their own needs and care about the needs of individual followers. Transformational leaders are mentors and coaches to their direct reports helping them to develop (Bass, 1985). Intellectual stimulation suggests that transformational leaders encourage followers to challenge the status quo and question critical ideas and assumptions. Followers are not so blinded by their attraction to the leader or compliant with his or her directives that they are afraid to speak out when necessary. Transformational leaders are charismatic, having idealized influence on followers who see the leader and his or her mission as embodying values that are morally good and worthy of emulation. Finally, transformational leaders use inspirational motivation, offering exciting value-laden visions of the future that encourage followers to join them in their pursuit. Transformational leaders earn their followers' trust through these core behaviors.

House and Colleagues' Charismatic Leadership

A number of variants of House's (1977) theory of charismatic leadership all emphasize values-based leader behavior. Shamir, House and Arthur's (1993) theory begins with the assumption that people are not just rational instrumental creatures, but have expressive motivations as well. Charismatic leaders link organizational goals and missions to their followers' self-concepts. An important aspect of followers' sense of self is based on a sense of virtue or moral worth (Gecas, 1982). Charismatic leaders infuse work with values and purpose, giving it meaning that instrumental or transactional leaders do not. Charismatic leaders emphasize a collective

identity and make inspirational ideological appeals that tap into followers' values. The mission espoused by the leader activates the follower's desire to be a part of a bigger cause that is worthy and ultimately becomes an important aspect of the follower's identity. By appealing to these intrinsic values in followers instead of focusing on the extrinsic values of rewards, charismatic leaders obtain followers' intense commitment to the organization. Through the leaders' self-sacrificial behaviors, it is believed that followers come to trust their leader and are thus more receptive to the leader's charismatic appeal.

According to House and colleagues, in order for leaders' messages to have charismatic effects, they must be congruent with followers' personal values and be seen in moral or ideological terms by their followers (Shamir et al., 1993). Even the most mundane jobs are capable of becoming infused with value, as was the case with assembly line jobs in America during World War II (House, 1977). In this formulation, charismatic values-based leadership is more likely to emerge under certain conditions. For example, when organizations face perceived threat, uncertainty, or crisis, followers are especially receptive to charismatic values-based leaders offering solutions and inspiring confidence (House, 1996).

Like Burns, House and colleagues' theory focuses on ideological values, a focus that is potentially problematic for understanding the values transmission process in business organizations. For example, Shamir and colleagues (Shamir et al., 1998, 2000) investigated charismatic leadership in the Israeli Army where one would expect that leaders and followers would share ideological values such as Zionism. But less ideological values that may be relevant in business settings such as achievement, profitability, or innovation are less likely to arouse strong passions. We know little about the values-based leadership process in business contexts where values are less likely to be morally charged and followers are not already "true believers" in a cause. Further, empirical tests of the charismatic leadership "process" have proven disappointing (see Shamir et al., 1998, 2000). As suggested by theory, Shamir and colleagues (1998) proposed that charismatic leaders would rally followers to work for the higher purpose of benefitting the collective. However, an empirical test of this mediating mechanism was not supportive (Shamir et al., 1998). Further, Dvir and colleagues (Dvir, Eden, Avolio, & Shamir, 2002) proposed that transformational leaders would influence the development of a collectivistic orientation and an internalization of moral values in followers, among other processes. But, the data did not support these propositions.

Overall, a values-based influence approach is central to House and colleagues' theory of charismatic leadership. However, the little empirical research conducted to date has not supported the proposed influence processes. Questions remain regarding whether and how leaders transmit val-

ues to their followers, the content of those values, the influence processes involved, and whether a charismatic values-based leader can rely on morally charged appeals in business contexts that are typically more morally neutral than are political, religious or military settings.

Conger and Kanungo's Charismatic Leadership

On the surface, values are less visible in Conger and Kanungo's (1987, 1998) theory of charismatic leadership and are of secondary importance in the influence process. From their perspective, the charismatic attribution of extraordinary or magical qualities that leads followers to personally identify with their leader is the source of the charismatic leaders' influence. Conger and Kanungo's (1987, 1998) theory is primarily focused on executive leaders. A charismatic leader offers a radical value-laden vision for the future and earns followers' trust through their heroic personal commitment and self-sacrifice. Followers trust charismatic leaders, emulate and identify with them personally, and internalize their goals (suggesting that both identification and internalization processes are involved). Kanungo and Mendonca (1996) argued that this form of charismatic/transformational leadership implies a more ethical way to lead compared to what they view as the unethical motives and tactics of a transactional leader and argue that an outcome of charismatic leadership is values congruence.

Based upon the foregoing review, we see that the values-based leadership phenomenon has a long history and has been approached from multiple perspectives. Yet, many questions remain, especially about the content of the values conveyed and the influence processes involved. All of these theories appear to assume some form of values internalization, although that process has not been explicitly defined and has rarely been studied. Identification processes also are evident, especially in Kanungo and Mendonca's work and in dimensions of transformational leadership (i.e., individualized consideration may lead to liking of and identification with the leader). Also, the various theories seem to agree that compliance-based or transactional approaches to leadership have no place in a values-based leadership framework. Finally, these values-based leadership theories appear to share the view that values-based leadership is associated with ethical or moral values. Transformational leaders are thought to appeal to and/or convey moral values and increase the moral development of followers (Burns, 1978). But, thus far, empirical evidence for such relationships is lacking.

ETHICAL LEADERSHIP

Until recently (Treviño, Hartman, & Brown, 2000; Treviño, Brown, & Hartman, 2003), the content domain of "ethical leadership" had not been addressed empirically or clearly defined in the leadership literature. Bass and Stodgill's massive leadership literature review (Bass, 1990) included little mention of an ethical dimension of leadership. Yukl's (2002) more recent review suggested increasing interest in such a phenomenon, but little empirical basis for a definition of the construct beyond its link with leader traits such as integrity, honesty, and fair-mindedness (Kouzes & Posner, 1993; Posner & Schmidt, 1992; Schmidt & Posner, 1982). The past assumption has been that ethical leadership is synonymous with these leader traits (Yukl, 2002) and that it is associated with the transmission of moral values. We begin the next section with a brief overview of our research findings with regard to ethical leadership (Brown & Treviño, 2002; Treviño et al., 2000; Treviño et al., 2003). We then address the question of the relationship between values-based leadership and ethical leadership.

The Content Domain of Ethical Leadership

In a qualitative study of ethical leadership, our goal was to understand how executives and those who work with them define ethical leadership (Treviño et al., 2000; Treviño et al., Hartman, 2003). We conducted interviews with twenty senior executives and twenty ethics officers of large American companies and systematically analyzed the qualitative data. The results suggested that, to be perceived as an ethical leader, an executive must develop a reputation as both a "moral person" and "moral manager." Leaders do this by being visible and standing out from an ethically neutral landscape, and by engaging in behaviors that lead to inferences about them as people and about the behaviors that they expect of their followers.

Moral Person

Our research indicates that being perceived as a "moral person" depends upon traits, behaviors and decision-making processes. Similar to previous discussions of what it means to be an ethical leader, we found that ethical leaders are thought to possess certain personal traits such as honesty, integrity and trustworthiness. Being perceived as an ethical person also involves leader behaviors and decision-making processes. The most important behaviors involve showing concern and respect for people, being open, listening to the input of others, and leading by example. The caring behaviors that contribute to a reputation for ethical leadership overlap with other leadership styles, such as consideration (Stogdill, 1963).

From a decision-making perspective, ethical leaders are seen as objective and fair individuals who demonstrate ethical awareness and a broad concern for multiple stakeholders and society, and the longer-term effects of their decisions and actions. They also hold to a set of ethical values and decision rules, such as the golden rule, when making decisions, and focus on means as well as ends.

Moral Manager

But, being perceived as a moral person is not enough. Equally important to the ethical leadership domain is what we have termed "moral management." This "transactional" aspect of ethical leadership involves setting ethical standards, regularly communicating a consistent ethics/values message and holding employees accountable by using rewards and discipline to guide ethical behavior in the organization (e.g., rewarding ethical conduct and disciplining unethical conduct).

One can think of these two dimensions as creating a two-by-two matrix. Leaders who are strong on both the moral person and moral management dimensions are perceived to be ethical leaders. James Burke, former CEO of Johnson & Johnson, who is known for reinvigorating the company's famous credo and recalling all Tylenol in response to a mysterious cyanide poisoning, exemplifies ethical leadership. Those who are neither moral persons nor moral managers are perceived to be unethical leaders.

Al Dunlap, former CEO of Sunbeam, was identified by many of our interviewees as an example of an unethical leader. Dunlap was known for being emotionally abusive with employees, and for encouraging the use of unethical accounting and sales techniques in order to achieve short-term financial projections. In a civil suit settled in 2002, Dunlap paid a $500,000 fine and agreed never to serve as an officer or director of a public company.

Leaders who communicate a strong ethics/values message (moral management), but who are not perceived to be ethical themselves, are seen as hypocritical leaders. Jim Bakker, former leader of PTL Ministries, spent 8 years in jail for fraudulently raising money for his Heritage USA Theme Park. He not only spoke of moral values, but he also claimed that God supported his work. At the same time, he was pocketing the money of the poor people who thought they were buying lifetime memberships in a religious theme park where they could spend time every year for free for the rest of their lives (Tidwell, 1993).

Our research also surfaced a category we termed ethically neutral leadership. A leader who may have a foundation as an ethical person but who has not demonstrated it to others or who is not known for being a "moral manager," runs the risk of being categorized as an ethically neutral leader (Treviño et al., 2000). Ethically neutral leaders are neither clearly ethical nor

unethical leaders. According to our interviewees, ethically neutral executive leaders are seen as ethically unaware, more self-centered than other-centered, and more focused on personal gain and the short-term bottom line rather than the long-term good of the organization or of society.

In a more academic interpretation of our findings (Treviño et al., 2003), we relied upon social cognition theory to help us understand how followers form perceptions of executive ethical leaders. In the context of the modern business organization, to be perceived as an ethical leader, an executive's ethical leadership style must be socially salient, or figural against what is often, at best, an ethically neutral ground. The media tends to spotlight unethical business conduct, and organizations tend to focus employees' attention on achieving bottom-line goals. To be perceived as ethical leaders, executives must emerge as figure against this ethically neutral background by engaging in behaviors that are considered to be novel and/or goal-relevant (Fiske & Taylor, 1991). For example, a senior executive who demonstrates concern for people and society is likely to be considered novel in a world where employees are generally cynical about executives and the emphasis is on short-term profitability above all. And, in work organizations, rewards for ethical conduct and punishments for unethical conduct will be noticed because rewards and punishments are figural and goal relevant in organizations (Treviño et al., 2003). Employees know that the reward system generally carries information about what really matters to leaders.

THE RELATIONSHIP BETWEEN VALUES-BASED LEADERSHIP AND ETHICAL LEADERSHIP

Now that we understand more about values-based leadership and ethical leadership, we can consider their relationship. Although values-based leadership and ethical leadership overlap somewhat, the overlap is far from complete and the differences between them are quite important. First, the communication of ethical values is essential to (but a relatively small part of) the ethical leadership domain, while the role played by moral values in values-based leadership is conceptually quite strong but has yet to be supported by empirical evidence. Second, the content domain of ethical leadership includes a key transactional component that seems inconsistent with values-based leadership formulations (especially transformational leadership).

Questioning the Assumed Connection

As suggested in our earlier review, most values-based leadership theories (i.e., transformational leadership) assume the "moral" content of the values transmitted by values-based leaders. Burns (1978) noted that transforming leaders base their leadership on a core set of end values such as justice and equality. Bass and Steidlmeier (1999) have recently argued that "authentic" transformational leadership is ethical leadership. Kanungo and Mendonca (1996) agreed, noting that, compared to transactional leadership, transformational leadership is more likely to result in ethical leadership. Similarly, House and colleagues (House, 1996; Shamir et al., 1993) observed that values-based leadership is characterized by a strong moral and ideological component.

But, this link between charismatic and transformational leadership and ethical leadership has also been challenged. Both Bass (1985) and Howell and Avolio (1992) argued that charismatic/transformational leadership could have a dark side. In his early work, Bass (1985) noted that transformational leaders could wear "white hats or black hats"—that is leaders could transform followers to do tremendous good like Gandhi or tremendous evil like Hitler. Yukl (2002, p. 251) also suggested that many social scientists have considered the "dark side of charisma." And, Parry and Proctor-Thomson (2002, p. 75) said that transformational leaders have sometimes been labeled "narcissistic, manipulative, and self-centered."

Negative or pseudo transformational leaders (Bass & Steidlmeier, 1999) are thought to lack moral virtue, a commitment to a moral agenda, and a desire to empower their followers. Instead, these leaders use their power to manipulate followers, advance their own self-interest and reinforce their own power and dominance. In this way, charismatic/transformational leadership is linked to the leader's self-interest and to follower submission instead of liberation (Howell & Avolio, 1992). Therefore, whether values-based leadership is associated with ethical or unethical leadership may depend upon the processes by which values are conveyed and with the content of the values themselves.

The question about overlap between values-based leadership and ethical leadership may be partly one of definitions, semantics, and labels. For example, values-based leadership has frequently been defined in terms of moral values (e.g., Burns, 1978). But, popularizations of these theories have often lost track of this connection, and empirical research has rarely focused on it. Clearly, not all values-based leadership approaches are alike. But, the fact that they have all used "values" terminology has fueled the current confusion.

Values Content Matters in Ethical Leadership

Current values-based leadership research has tended to ignore the content of the values conveyed. Rather, the research has focused on the "shared" nature of leader and follower values. Studies of values-based or transformational leadership have investigated the extent to which followers perceive that they share their leaders' values regardless of values content (e.g., Jung & Avolio, 2000). This perception of shared values, or values congruence, is then related to positive outcomes. Yet, if we are to link values-based leadership to ethical leadership, understanding the actual content of the values conveyed is essential because different values serve as guides for different attitudes and behaviors (Rokeach, 1973; Meglino & Ravlin, 1998). And, if we are interested in ethical attitudes and behaviors as outcomes, the moral content of the values conveyed seems key. From a content perspective, values-based leadership and ethical leadership overlap to the extent that the values conveyed by values-based leaders are moral values.

But, conveying moral values, by itself, is not enough. Recall that Schwartz's (1992, 1996, 1999) theory of values suggests that achievement, profitability, and power values often conflict with moral values that are oriented to the service of and caring for others (Schwartz, 1992). In practical terms, this means that ethical values in organizations often conflict with profitability values. Yet, the values-based leadership literature provides little insight into this likely conflict or its effects. Take the case of Jack Welch. During his tenure at the helm of General Electric, Welch was highly successful in gaining widespread acceptance of a few key values—profitability, success and dominance as expressed in his mantra of "being number one or number two in every business." As a result, many would characterize Welch as a values-based leader. Welch, however, has had a more mixed track record when it comes to ethical leadership and corporate social responsibility (O'Boyle, 1998). For example, he was CEO during scandals at then subsidiary, Kidder Peabody and many question GE's response to calls for it to clean up pollution in the Hudson River. Recently, even Welch's personal morality has been questioned when his affair with a Harvard Business Review editor went public as part of his divorce proceeding.

So, what do we call leaders who effectively convey values such as profitability and dominance that are linked to business success? Are they not values-based leaders? Certainly, the popular press would characterize them as such. And, that characterization fuels the confusion about the relationship between values-based leadership and ethical leadership. When a leader transmits a set of values, achieves values congruence and gets followers to perform beyond expectations (i.e., Bass, 1985), the leader is likely to be characterized as a values-based leader. But, these types of values-based lead-

ers are not ethical leaders if the values they transmit are simply about profitability and business success. And, even if they transmit these values along with ethical values in the "good ethics is good business sense," Schwartz's theory (1992, 1996) would suggest that the two very different types of values will conflict, leading to the successful transmission of some values and not the others. It isn't clear what happens when a leader's appeals to "moral values" conflict with or are overpowered by other business-related values such as short-term profitability or winning over the competition. But, given the overwhelming importance given to bottom–line goals in most business organizations, we expect that ethical values will be the ones to lose out unless the leader makes special efforts to address these values conflicts and to emphasize the relative importance of ethical values. Leader statements such as, "we would rather lose a sale than compromise our integrity," address such potential conflicts and let followers know how they are expected to behave when faced with them. Such statements would also be socially salient and lead to perceptions of the executive as an ethical leader.

The presumed connection between values-based leadership and ethical leadership assumes that ethical leadership is primarily about successfully transmitting moral values to followers. But, our research on executive ethical leadership (Treviño et al., 2000; Treviño et al., 2003) suggests that the transmission of moral values constitutes a relatively small part of the ethical leadership domain. We did find references to "values-based management" in our interviews, as well as references to concern for "serving the greater good," and the "creation and institutionalization of values." But these references did not dominate in the data. According to our informants, communicating moral values is only a part of the job description of an ethical leader.

THE TRANSACTIONAL DIMENSION OF ETHICAL LEADERSHIP

We were somewhat surprised to find that some commonly accepted aspects of transformational/charismatic leadership were not detected in our informants' understanding of executive ethical leadership. Although concern for people emerged as one of the most important ethical leadership categories, and some (six out of 40) interviewees characterized ethical leaders as courageous, informants did not identify ethical leaders as visionary, future-oriented, or passionate. They said nothing about followers being energized or transformed by ethical leaders. And, they did not talk about employees' intrinsic motivation or personal sacrifice (Treviño et al., 2003).

But, they did emphasize ethical leaders' use of "transactional" leadership approaches to support organizational ethics. In particular, ethical leaders are known for setting ethical standards and holding people accountable for ethical conduct via the reward system, making it clear that people of integrity will be rewarded and those who break the ethical rules will be swiftly disciplined. This transactional aspect of ethical leadership (e.g., disciplining misconduct) falls outside the domain of transformational leadership influence strategies. But, it is essential to ethical leadership and is welcomed by followers, perhaps because of the powerful symbolic message such discipline sends about the value of upholding ethical standards and norms (Treviño, 1992; Treviño & Ball, 1992). So, a complete understanding of ethical leadership must incorporate this important transactional component (Treviño et al., 2003).

To summarize, ethical leaders draw upon multiple leadership styles. They are transformational to the extent that they care for followers and communicate ethical values and principles. They draw upon a transactional approach in that they set ethical standards, communicate these standards, and hold followers accountable via the reward system. Ethical leaders do not leave employees' ethical conduct to chance. They use their positions of power and influence to make ethics a priority that does not get lost in the quest for attainment of pragmatic business goals.

IMPLICATIONS AND FUTURE DIRECTIONS

Ethical leadership is important, and is gaining attention from management researchers and practitioners, particularly in the aftermath of high profile business scandals from Enron and Arthur Andersen to Worldcom, Tyco, Adelphia and others. Previous conceptualizations have equated values-based leadership with ethical leadership. Certainly, overlaps exist between the two types of leadership. But, based upon our analysis of the values-based leadership literature and our own ethical leadership research, equating these two concepts seems inappropriate.

First, from the perspective of values-based leadership, moral values have certainly played a role in most theoretical formulations. Nevertheless, it remains arguable that values-based leadership can be ethical or unethical depending upon the content of the values conveyed by the leader. Yet, values content has often disappeared in popularizations of the concept and in empirical research. At a minimum, future research that wishes to equate values-based leadership with ethical leadership, should consider the role of values content. Do values-based leaders transmit moral values to their followers? Recent research has failed to support such a relationship (Dvir et al., 2002). Perhaps this is because moral values often conflict with other

values, such as success and profitability, as Schwartz's (1992, 1996) theory suggests. Future research should address the question of what happens when such values conflicts occur.

From the perspective of ethical leadership, communicating moral values represents just a small part of the ethical leadership domain. Values are inherently abstract and must be concretized into ethical standards that apply to the business at hand. Further, in the face of potentially conflicting values and employee cynicism about the integrity of business and managers (Dean, Brandes, & Dharwadkar, 1998) ethical leaders must address values conflicts head on and make clear that ethical values are at least as important, if not more important than other business values. They then support that message via the reward system. If not, they run the risk of being perceived as all talk but no action. And, those who communicate ethical values without "walking the talk" themselves risk being labeled hypocritical.

We encourage researchers who are interested in investigating ethical leadership to incorporate its broad content domain. We also encourage more attention to the underlying processes of values-based and ethical leadership. Are values-based leaders tapping into followers' values, transmitting their own values, or some combination of the two? Under what conditions do followers accept the values leaders convey and enact them in their work? What contributes to followers' perceptions of values congruence? What happens when transmitted values conflict with each other? With regard to ethical leadership processes, how do its multiple dimensions work together and what are the cognitive processes involved in forming followers' perceptions of ethical leadership?

We also encourage more attention to levels of analysis in future theorizing and research. We have focused here on our executive ethical leadership research. But, we have begun to investigate ethical leadership at the supervisory level (Brown & Treviño, 2002) and we have identified some differences between perceptions of ethical leadership at these two levels. Although much values-based leadership theory focuses on executives and the transmission of values from these executives to a wide range of employees, much of the values-based leadership research (especially transformational leadership work) focuses on the supervisory level (see Lowe et al., 1996).

Future research should investigate the antecedents and outcomes of ethical leadership. For example, personality and background variables may influence whether a leader is seen as an ethical leader. And, we expect ethical leadership to influence ethics-related outcomes. At the supervisory level, such outcomes include employees' ethical/unethical conduct and the willingness to report unethical conduct inside the organization. At the executive level, future research may wish to tackle the grand question of a

presumed relationship between ethical leadership and firm performance. Values-based leadership theorists seem to believe that morality leads to profits, at least in the long run. But, to our knowledge, this remains an open empirical question.

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CHAPTER 7

PASSION AT WORK

Toward a New Conceptualization

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ABSTRACT

The purpose of this chapter is to present a new conceptualization on passion (Vallerand, Blanchard et al., in press) and show its applicability to the realm of work and organizations. Passion is defined as a strong inclination toward an activity that people like, that they find important, and in which they invest time and energy. Two types of passion are proposed: obsessive and harmonious. Obsessive passion refers to a controlled internalization of an activity in one's identity that creates an internal pressure to engage in the activity that the person likes. On the other hand, harmonious passion refers to an autonomous internalization that leads individuals to choose to engage in the activity that they like. Harmonious passion promotes healthy adaptation whereas obsessive passion thwarts it by causing negative affect and rigid persistence. Results from a series of studies are presented, including some conducted in the work domain. Directions for future research are suggested.

When I stop working, the rest of the day is posthumous.
I'm only really alive when I'm working.

—Tennessee Williams

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Work is probably the single most important activity in one's life. We spend considerable time in schooling and training so that we get the opportunity to work some day. Once we embark in the work force, we typically devote more than half of our waking time to work either directly on the job, or indirectly by thinking or talking about job-related matters. Even after retirement, people often continue to engage in activities related to their former job. This is because work serves to define us. Because work is so central to most of us, we are not only people who work in computers, management, or sales, we are computer analysts, managers, or salespersons. This self-definition serves an important intrapersonal function. While some people may not care that much about work as they merely see it as labor, others see it as part of who they are deep down, it becomes part of their identity. They love their work and it has become part of who they are. They can't wait to get to work in the morning and it seems that the day doesn't have enough hours to do the things they want to do at work. They've become passionate about their work. Like Tennessee Williams in the opening quote, these people seem to derive a major sense of excitement and pleasure from their work. They feel alive at work. Passion toward work, therefore, may be expected to lead to adaptive outcomes. However, as we shall see below, the benefits derived from work may vary greatly as a function of the type of passion a person entertains toward his or her work.

The purpose of this chapter is to present a new conceptualization on passion (Vallerand, Blanchard et al., in press) and show its applicability to the realm of work and organizations. The chapter contains four sections. In the first section, we present our conceptualization of passion. In the following section, we present recent research that provides empirical support for our position on passion. We will see that the passion concept has been applied to a host of activities and settings. We then present recent research on passion in organizations that shows the applicability of the present model to the work domain. Finally, the paper ends with suggestions for future directions.

THE CONCEPT OF PASSION

The concept of passion (from the Latin word "passio" which means suffering) has generated much interest from philosophers. At least two positions have been espoused (see Rony, 1990). A first one posits that passion entails a loss of reason and control (e.g., Spinoza, 1632–1677). Those afflicted with passion experience some kind of suffering, in line with the etymology of the word passion. It is as if they were slaves to their passion. Their passion controls them. The second perspective on passion proposes a more positive view where people are more active in their interaction with the

activity. For instance, in his famous book "The passions of the soul" (1649/1972), René Descartes (1596–1650) defined passion as strong emotions with inherent behavioral tendencies that can be positive as long as reason underlies the behavior. Other authors (e.g., Hegel, 1770–1831) proposed that passion was a necessary ingredient in high levels of achievement. Thus, this second and more active view of passion posits that adaptive benefits will accrue when individuals are in control of their passion (to this effect, see Paturet, 2001).

The concept of passion has received little attention in psychology. Those psychologists who have looked at passion have underscored its motivational aspect rather than strictly its affective element. For instance, Frijda, Mesquita, Sonnemans, and Van Goozen (1991) posit that: "Passions are defined as high-priority goals with emotionally important outcomes" (p. 218). Frijda et al. posit that individuals will spend large amounts of time and effort in order to reach their important goals. Other psychologists have focused on similar concepts such as positive and negative dependence (Glasser, 1976) and addiction (e.g., Sachs, 1981) to activities people like. However, it is not clear from such work how psychological dependence or addiction can be adaptive. Others have discussed the concepts of commitment (e.g., Meyer & Allen, 1997), involvement (e.g., Kanungo & Misra, 1988), and workaholism (e.g., Bonebright, Clay, & Ankenman, 2000; Spence & Robbins, 1992), especially in the work context. However, although strongly involved and committed people, as well as those who are workaholics, can be passionate, it is also possible for such people not to be passionate toward the activity (in this case, work) because they may not love it. For instance, people may be very committed, involved, or display workaholic behavior toward a two-week training program, not because they love the job they will eventually get, but because they desperately need the money. Thus, these concepts are not equivalent to that of passion. Finally, it would appear that most, if not all, empirical work on the construct of passion has been conducted in the area of passionate love (e.g., Hatfield & Sprecher, 1986; Sternberg, 1986). Although such research on romantic passion is important, it does not deal with a personally important activity (and not a loved one) that becomes a central part of one's identity. We now turn to this aspect.

Passion Toward Activities

We propose a new approach on passion toward activities. According to this position, passion refers to a strong inclination toward an activity that people like, that they find important, and in which they invest time and energy. For instance, a computer analyst who loves her job, values it greatly,

and invests a lot of time in it, working often after regular hours, would be considered passionate toward her job. Past research has indeed shown that activity valuation (e.g., Deci, Eghrari, Patrick, & Leone, 1994), time and energy expenditure (Emmons, 1999), and liking for the task (Csikszentmihalyi, Rathunde, & Whalen, 1993) are all associated with engagement in activities in which people are invested.

We further propose that there are two types of passion, obsessive and harmonious. Obsessive passion refers to a motivational force that pushes the person toward the activity. Thus, although the person likes her work, she feels compelled to engage in it due to this internal force that is controlling her. Individuals who are obsessively passionate toward their work feel that they cannot help but to engage in it. The passion must run its course. It controls them. People with an obsessive passion toward their work cannot envision their life without this line of work. They may even come to be emotionally dependent upon work. Because activity engagement is out of the person's control, it eventually comes to take disproportionate space in the person's identity and conflicts arise between participation in the passionate activity (in this case work) and other activities in the person's life. The worker who can't help himself and works on an interesting project during the weekend and in so doing neglects his family displays conflict between the passionate activity and other life activities.

On the other hand, harmonious passion refers to a motivational force that leads the person to engage in the activity willingly and engenders a sense of volition and personal endorsement about pursuing the activity. Individuals don't feel compelled to do the activity but rather, they choose to do so. It is as if one had control over the activity that one loves. Thus, workers report that they enjoy a variety of positive experiences at work, that their work is in harmony with other aspects of their life, and that their line of work reflects things that they like about themselves. With this type of passion, the activity does not occupy the entire space in the person's identity and is in harmony with other aspects of the person's life. The worker who chooses to arrange his schedule in such a way that the work that he loves gets done during the week so that it does not conflict with his weekend activities with his family is an example of how harmonious passion does not conflict with other life domains.

On the Development of Passion

How does interest toward an activity, such as work, turn into passion? What are the psychological processes involved in such a transformation? We believe that an activity becomes passionate through two important processes: valuation of the activity and the internalization of the represen-

tation of the activity in one's core aspect of the self, namely one's identity. Most activities have the potential to become either a harmonious or an obsessive passion. For instance, most types of work involve at least some elements of interest. To the extent that this interest toward work is not fleeting and remains strong and that work is perceived by the person as important, then work will turn into a passion. Research has shown that when a person or an activity is highly valued and meaningful, one is inclined to internalize the valued object or person, to make it part of him or herself (Aron, Aron, & Smollan, 1992; Deci et al., 1994). However, if the person doesn't enjoy work, then the internalization will not turn into a passion. At best it may become an integrated regulation (Deci & Ryan, 1985, 2000).[1]

How the person internalizes the highly valued enjoyable activity in the identity determines the type of passion that will develop. A first type of internalization is a controlled one (Deci & Ryan, 2000; Sheldon & Kasser, 1995; Williams et al., 1996), and it is hypothesized to lead to obsessive passion. Such a type of internalization involves internalizing the activity into one's identity because the person feels pressured to do so or because some contingencies are attached to the activity, such as feelings of social acceptance or self-esteem. When the activity is internalized into the identity in a controlled fashion, the activity is then part of the person's identity but has not been willingly integrated in it. Thus, although the person likes the activity, she feels compelled to engage in it due to these internal contingencies that come to control her. The person may then experience anxiety and negative affect and may not be able to concentrate as well while doing the activity. In addition, because activity engagement is out of the person's control, conflict between participation in the passionate activity and other activities in the person's life may arise.

Second, the activity may also be internalized in one's identity in an autonomous way. Such a type of internalization leads to the second type of passion, harmonious passion. An autonomous internalization occurs when individuals have freely accepted the activity as important for them without any contingencies attached to it. They then engage in the activity that is liked out of choice and not from internal pressure. This internalization is hypothesized to produce a motivational force to engage in the activity willingly and with little conflict with other activities. Much research has shown the existence of these two forms of internalization with non-interesting tasks (see Sheldon, 2002; Williams, 2002). We believe that these internalization processes also take place with interesting activities as long as they are valued by the person. In sum, when an interesting activity such as work becomes highly valued, interest toward the activity will turn into a passion. The type of passion that will ensue is determined by the type of internalization that takes place, with a controlled internal-

ization leading to obsessive passion and an autonomous internalization leading to harmonious passion.

If the internalization process determines the type of passion that will take place for an interesting activity, then an important question deals with the determinants of the internalization process. In line with previous work on motivation (e.g., Deci & Ryan, 2000; Vallerand, 1997), it is proposed that the internalization process can be influenced by two major factors. A first one concerns one's personality. One aspect of personality that would appear important deals with the person's internalization style (e.g., Vallerand, 1997), which is the tendency for individuals to internalize values, regulations, and activities in an autonomous or controlled way. Thus, to the extent that one values one's work and finds it interesting, then having an autonomous internalization style should lead the person to develop a harmonious passion toward work. However, given the same level of interest and valuation toward work, a controlled internalization style should lead the person to develop an obsessive passion toward work.

A second determinant of the internalization process deals with the social conditions under which the person engages in the activity. Self-Determination Theory (Deci & Ryan, 1985, 2000) posits that people have three fundamental human needs, namely those of competence, autonomy, and relatedness. As Deci and Ryan (1994) have suggested: "People are inherently motivated to feel connected to others within a social milieu, to function effectively in that milieu, and to feel a sense of personal initiative while doing so" (p. 7). These needs have been found not only to facilitate people's engagement in interesting activities, but also to promote the internalization of regulations and values about non-interesting activities in the self. We posit that to the extent that the social environment promotes people's needs for competence, relatedness, and especially autonomy, then an autonomous internalization process will occur for interesting activities as long as they are highly valued by the person. Such internalization is likely to occur when an autonomy-supportive context has been created where individuals feel some sense of ownership regarding decisions and behaviors. Thus, individuals who engage in their work in an autonomy-supportive context (e.g., Grolnick & Ryan, 1989), wherein they can make choices and where the organization supports their quest for personal development, should be more likely to internalize the activity into their identity in an autonomous fashion and consequently to develop a harmonious passion. Conversely, individuals who engage in their work within a controlling context, where they feel coerced to behave in specific ways, should develop an obsessive passion toward the enjoyable activity.

In sum, two types of passion are proposed: harmonious and obsessive passion. These are hypothesized to differ as to how the activity has been internalized in the person's identity. Because it represents an autonomous

form of internalization of the passionate activity in one's identity, harmonious passion is expected to lead to adaptive outcomes. However, obsessive passion is expected to lead to maladaptive outcomes because it refers to a controlled form of internalization where the activity controls the person. We now turn to recent research on passion that has tested some of these hypotheses.

RESEARCH ON PASSION

Over the past few years, we've conducted a series of studies on the concept of passion. These studies deal with a host of activities and field settings and focus on a variety of outcomes and processes. Below, we briefly present the results of some of these studies.

On the Concept of Passion

The purpose of the first study (Vallerand et al., in press, Study 1) was to test the validity of our definition of passion. We first developed a scale to assess the two types of passion defined above with the use of exploratory and confirmatory factor analyses and reliability analyses. The Passion Scale consists of 2 subscales of 7 items each, the Obsessive (e.g., "I almost have an obsessive feeling toward this activity") and Harmonious subscales (e.g., "This activity is in harmony with other activities in my life"). We then correlated the Passion Scale with other constructs in order to test our definition of passion. All variables were assessed with questionnaire measures. It was found that both harmonious and obsessive passion correlated (all correlations conducted were partial correlations) positively with perceptions of the task as valued, as part of one's identity (e.g., Aron et al., 1992), and as a passion. Finally, only obsessive passion significantly and positively correlated with a measure of conflict with other life activities. In sum, results from this first study provided support for our definition of passion. Furthermore, a scale to assess the two types of passion, the Passion Scale, has been developed and validated.

Passion and Affective Outcomes

We believe that affective outcomes derived from activity engagement depend in large part on the type of passion one entertains toward the activity. We believe that harmonious passion should lead to more positive affect and less negative affect than obsessive passion during task engagement. This

is because the autonomous internalization of the activity that one likes should lead the person to engage in the task in a more flexible manner, to better focus on the task, to experience task engagement more fully, and consequently to experience more positive affective outcomes (positive affect, flow, etc.). Such is not the case for obsessive passion because a controlled internalization nurtures an internal compulsion to engage in the activity which leads to a more rigid form of task engagement and less positive affect. Results from the Vallerand et al. (in press, Study 1) study, supported these hypotheses. Harmonious passion was positively related to task focus, feelings of flow (the feelings of being totally immersed in the activity), and positive affect, but was negatively related to negative affect (shame and anxiety). On the other hand, obsessive passion was generally unrelated to positive affect but positively related to negative affect. These overall findings were also replicated in the Mageau et al. (in press) study on gambling.

We further posit that harmonious passion should contribute to the experience of positive affect and minimize the experience of negative affect after task engagement. This is because with harmonious passion, people are in control of the activity. Thus, they would typically engage in the activity when it is appropriate to do so, and therefore experience little conflict with other life activities. On the other hand, with obsessive passion the activity controls the person because of the internal pressure to engage in it. Such an internal compulsion should lead the person to engage in the activity even when he or she should not, to experience conflict between the passionate activity and other tasks, and eventually to experience negative emotional experience once engagement in the passionate activity is terminated. For instance, a person could feel guilty for having worked on a Sunday while he was supposed to go away for the day with the family. These hypotheses were upheld in recent studies involving gambling (Mageau et al., in press) and a host of various activities (Vallerand et al., in press, Study 1).

Finally, because with obsessive passion the activity controls the person, the latter is likely to experience negative affective states when prevented from engaging in the activity. Indeed, because of the internal pressure one feels to engage in the passionate activity, one cannot disengage from thoughts about the activity. Thus, a worker may not be able to concentrate on other activities when prevented from engaging in his or her obsessively passionate activity because the activity pulls the person back to it. Consequently, the person feels frustrated and upset from not being able to engage in the passionate activity as well as from not being able to experience pleasure in the competing activities. Such should not be the case with harmonious passion, however, because the person has an autonomous relationship with the activity and has control over it. Results from the Vallerand et al. (in press, Study 1) study revealed that when the person was prevented from engaging in the activity, obsessive passion was positively

related to both negative affect (e.g., guilt, anxiety) and cognition (e.g., ruminations about the activity), while harmonious passion was unrelated to these negative states. The same findings were replicated in another study on gambling (Ratelle et al., in press) where being passionate about gambling in an obsessive fashion predicted ruminative thoughts and feelings of psychological dependence regarding the activity. Harmonious passion was unrelated to these negative thoughts and feelings.

Passion and Persistence

A second major type of outcome derived from passion deals with persistence with the activity. Because the passionate activity is very dear to the heart of those who engage in it (after all it is part of their identity), people are likely to devote considerable time and energy to these activities and to persist in them for a rather long period of time. Work is a very good example of such activities as people may engage in the same line of work for several years and sometimes for a lifetime. However, there would seem to be a difference in the type of persistence associated with the two types of passion. With harmonious passion, the person is in control of the activity. As such, the person decides when to and when not to engage in the activity and should even be able to drop out of the activity if the latter has become negative for the person. Thus, behavioral engagement and persistence can be seen as flexible. Such is not the case with obsessive passion. Typically, because the activity has taken control of the person, obsessive passion would be expected to lead to persistence. However, such persistence can be seen as rigid because it can take place not only in the absence of positive emotional experience, but even when important costs are accrued to the person. Obsessive passion should then be expected to lead to self-defeating behavior.

A recent study on cycling supported these hypotheses (Vallerand et al., in press, Study 3). It was found that cyclists living in the Province of Quebec who were cycling during the winter had reported higher levels of obsessive passion 6 months earlier than those who did not cycle in the winter. No differences were found with respect to harmonious passion. Thus, through its rigid motivational pattern, obsessive passion may lead people to engage in activities while they should not (such as cycling in sub-zero temperature on icy roads), thereby leading to potential health problems. It is thus not surprising that obsessive passion has been found to be implicated in health problems such as injuries (Blanchard, 1999, Study 2) and negative health symptoms (Blanchard, 1999, Studies 1 and 3; Dumais, 2000) such as the flu, eye irritation, and rashes while harmonious passion has not. Finally, we have found that obsessive passion is associated with heavy gambling and betting (Rousseau et al., 2003) and severe forms of

pathological gambling (Ratelle et al., in press; Vallerand et al., in press, Study 4), while harmonious passion is unrelated to such type of gambling. Overall, these findings reveal that obsessive passion is implicated in behavioral persistence that may be self-defeating for the person.

Passion and Performance

Research on expert performance reveals that high-level performers spend considerable time on deliberate practice (or engagement in activities with the clear goal of improving on certain task components), in order to reach excellence in their chosen field of expertise (Ericsson & Charness, 1994). A similar case may be made for highly successful entrepreneurs and business persons who spend a lot of time in order to reach excellence. An important question, then, deals with the nature of the motivational processes underlying engagement in deliberate practice. Specifically, what is the underlying motivation that leads people to spend so much time in their favorite activity in order to become top-level performers? We believe that passion is a key determinant of highly expert individuals' involvement in their activity. Indeed, if one is to engage in the activity for long hours, one must love the activity and have the desire to pursue engagement especially when times are rough. Thus, the two types of passion (harmonious and obsessive) should lead to engagement in deliberate practice that in turn, should lead to improved performance. This model was supported in three studies conducted in sports and artistic settings (Vallerand et al., 2003). Of interest is the finding that in Study 3, which involved elite athletes, we tried to uncover the types of achievement goals (Elliot, 1997) that are associated with passion. The results revealed that both harmonious and obsessive passions were found to lead to mastery goals (goals that focus on the development of competence and task mastery) which predicted deliberate practice, and in turn deliberate practice led to performance. However, obsessive (but not harmonious) passion also led to performance-avoidance goals (goals which focus on avoiding incompetence relative to others). These were found to directly and negatively predict objective assessments of performance. It thus appears that while both types of passion can positively contribute to performance through their relationship with mastery goals, and consequently deliberate practice, obsessive passion can also have deleterious effects on performance because it fosters a maladaptive type of goals (performance-avoidance goals). Future research is needed in order to determine when obsessive passion leads to either type of achievement goals in the work domain.

Passion and Psychological Adjustment

Results from the Vallerand et al. study (in press, Study 1) yielded an interesting finding: individuals who engage in their favorite activity out of harmonious passion experience flow and positive affect during engagement in the activity. Could it be that the positive affective outcomes engendered by harmonious passion during regular activity engagement leads to enhanced psychological adjustment? Recent research of ours tends to provide an affirmative answer to this question (Vallerand & Blanchard, 2003, Study 1). Using our criteria of passion (liking, valuing, and spending time on the activity), we created harmonious, obsessive, and no passion groups.[2] The harmonious passion group scored significantly higher on all adjustment indices than the obsessive and the no passion groups which did not differ from each other. These findings were replicated in a subsequent study (Vallerand & Blanchard, 2003, Study 2).

It thus appears that Harmonious passion contributes to psychological adjustment. The question is why? A first answer was provided by Blanchard (1999) who showed that having a harmonious passion toward an activity leads people to use more positive forms of coping processes which protect the person in stressful situations. A second explanation may have to do with the fact that engaging in a passionate activity leads to the cumulative experience of positive affect. In fact, the work of Frederickson and Joiner (2002) posits the existence of a spiral where positive affect leads to higher levels of psychological adjustment which leads to subsequent experiences of positive affect and so on. We believe that harmonious passion toward regular activities can trigger this spiral. In research with the elderly, Rousseau and Vallerand (2003) provided support for this hypothesis. Our research in the workplace, has looked at another potential explanation for the positive effect of harmonious passion on psychological adjustment. We now turn to this topic.

PASSION AT WORK

Research reviewed so far provides considerable empirical support for the present conceptualization on passion outside the realm of work. What about the applicability of the passion concept to the workplace? Do workers experience a passion toward their work? Or is passion reserved for the chosen few? If workers do experience passion, which type seems to predominate, obsessive or harmonious passion? And given the presence of the two types of passion at work, what are their consequences on the psychological adjustment of workers? Finally, what are the psychological processes through which passion leads to psychological adjustment? These are some of the questions to which we now turn.

On the Concept of Passion in Organizations

Results from of a series of experiments (Houlfort, Koestner, Vallerand, & Blanchard, 2003a; Houlfort, Koestner, & Vallerand, 2003b) involving over 300 workers from various fields ranging from teaching at the college level to being a technician or a manager confirmed the applicability of the passion concept in the workplace. A first finding of interest was that the Passion Scale as applied to the work domain proved to be valid and reliable in all studies. For instance, using all three samples together, the results of a factor analysis revealed the presence of two factors corresponding to the two concepts of harmonious and obsessive passion. In addition, adequate reliability indices (Cronbach alphas ranging from .70 to .85) were obtained. Table 1 presents the Passion Toward Work Scale as applied to the work domain.

Table 7.1. The Passion Toward Work Scale

Harmonious Passion	1. My work allows me to live a variety of experiences.
	2. The new things that I discover within the confines of my work allow me to appreciate it even more.
	3. My line of work reflects the qualities I like about myself.
	4. My work is in harmony with the other activities in my life.
	5. My work is a passion, that I still manage to control.
	6. My work allows me to live memorable experiences.
	7. I am completely taken with my work.
Obsessive Passion	8. I cannot live without my work
	9. The urge is so strong, I can't help myself from doing my work.
	10. I have difficulty imagining my life without my work.
	11. I am emotionally dependent on my work.
	12. I have a tough time controlling my need to do my work
	13. I have almost an obsessive feeling for my work.
	14. My mood depends on my being able to do my work.

Note: This scale has been translated from French. No cross-cultural validation has taken place in English at this point. The scale is only presented for illustrative purposes.

The second finding of interest is that using the three criteria of liking for the job, valuing the job, and spending time and energy on one's job, it was found across all three samples that 77% of workers experienced at least a moderate level of passion toward their work. Interestingly, only 23% of workers did not express passion toward their work. Thus, to answer the first question posed above, passion is not reserved for the chosen few but seems to be experienced by a majority of workers. Also noteworthy is that

the proportion of passionate workers was evenly spread between the two types of passion with 38% of workers having a harmonious passion and 39% having an obsessive passion. Thus, based on our samples, it would appear that the two types of passion prevail in the work place. Unfortunately, because we did not have sufficient numbers of participants in each type of job, we could not determine whether certain jobs are associated with a specific type of passion. Overall, these preliminary results suggest that, at the very least, the passion concept does exist in the organizational field and deserves empirical scrutiny.

Passion and Psychological Adjustment: Does Passion Toward Work Matter?

With these preliminary findings providing support for the basic concept of passion at work, we could then focus on the main question of interest, namely whether passion is associated with enhanced psychological adjustment. Work may be so significant that it can contribute greatly to our sense of well-being (Creed & Macintyre, 2001; Murphy & Athanasou, 1999; Waters & Moore, 2002). However, does passion play an important part in the relationship? In a first study (Houlfort et al., 2003a, Study 1), workers from three organizations such as secretaries, lab technicians, and college teachers completed questionnaires assessing the two types of passion and indices of psychological adjustment. Just as in the Vallerand and Blanchard (2003) studies, we used our three criteria of liking, valuing, and spending time and energy on one's work, in order to create the harmonious, obsessive, and no passion groups, and compared them on the psychological adjustment index. Results revealed that the three groups differed among themselves. The most psychologically adjusted group was the harmonious passion group. This group was significantly more adjusted than the obsessive passion group, which, in turn, was more adjusted than the non passionate group. In addition, a regression analysis showed that harmonious passion positively predicted psychological adjustment, while obsessive passion negatively predicted it.

These findings are important for two reasons. First, they suggest that passion matters. Because work represents a central aspect of their life, workers who have a passion toward their work, irrespective of the nature of such work, experience higher levels of psychological adjustment than those without passion. It would thus appear that the majority of people at work (around 77%), experience a passion toward work and end up being better psychologically adjusted than those who are non passionate about work. That's good news indeed. Second, it appears that of the two types of passion, harmonious passion is the one associated the most with psycholog-

ical adjustment. Thus, people with a predominant obsessive passion may not obtain all the positive benefits they could derive from their work involvement. Only a harmonious passion seems to ensure that.

While this first study provided some interesting findings, it was nevertheless limited in several ways. First, only a cross-sectional design was used. Thus, it is difficult to determine if passion actually influences psychological adjustment or if it is psychological adjustment that influences passion. And second, although there is an indication that the two constructs are related, we don't know the nature of the psychological processes that would be responsible of the influence of passion on psychological adjustment. We have seen in the previous section that two explanations had been proposed and supported to explain the passion-psychological adjustment relationship, namely better coping skills associated with harmonious passion and the positive affect that is repeatedly experienced when one engages in an activity out of harmonious passion.

Another explanation originates from Self-Determination Theory (SDT; Deci & Ryan, 1985, 2000) and focuses on the satisfaction of core human needs. Deci and Ryan (1985, 2000) suggest that all human beings have to satisfy three fundamental psychological needs in order to achieve psychological adjustment and personal growth. Just as the satisfaction of the physical needs of eating and drinking leads to increased physical health and functioning, the fulfillment of the needs for autonomy, competence and relatedness leads to enhanced psychological functioning and well-being. A lot of research has demonstrated the benefits of autonomy, competence, and relatedness satisfaction and the negative consequences of having these needs thwarted in a variety of areas and with numerous populations (Deci, Connell, & Ryan, 1989; Koestner, Losier, Vallerand, & Carducci, 1996; Koestner, Ryan, Bernieri, & Holt, 1984; Ryan, Rigby, & King, 1993; Sheldon, 2002; Vallerand, Fortier, & Guay, 1997).

Because with harmonious passion the activity has been internalized in one's identity in an autonomous fashion, the activity should be in harmony with other constituents of the self. Consequently, it should lead to the facilitation of the three human needs. However, with obsessive passion the activity has been internalized in one's identity in a controlled fashion. Such a controlled internalization reflects a lack of coherence with one's core values and sense of self and has been found to cause conflict with other aspects of the self (Sheldon & Kasser, 1995). Thus, obsessive passion may hinder the satisfaction of the needs of competence, autonomy, and relatedness. In sum, it would be expected that harmonious passion should facilitate the satisfaction of the three human needs. In turn, fulfillment of those needs should then pave the way to psychological adjustment in the work place and eventually in life in general. The reverse hypothesis can be made with respect to obsessive passion.

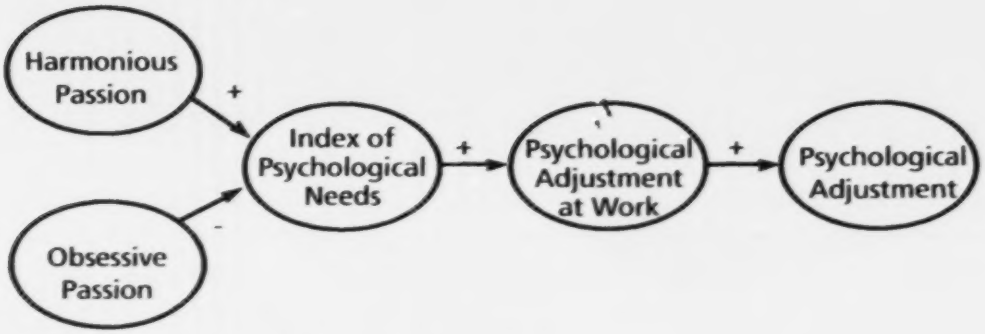

Figure 7.1. Hypothesized model.

In order to test the above model (see Figure 7.1) and to control for the limitations of Study 1, a second study (Houlfort et al., 2003a, Study 2) was conducted using a prospective design. In this study, employees from three different organizations completed two questionnaires, at a three-month interval. At Time 1, workers completed the Passion Scale as applied to work, as well as the satisfaction of their needs of competence, autonomy, and relatedness in the workplace, and psychological adjustment in general. At Time 2, various measures assessed respondents' psychological adjustment at work and general psychological adjustment again. We first categorized workers into the three groups of harmonious passion, obsessive passion, and non passionate workers (as was done in Study 1) and compared them on the different variables. Results were in line with those of Study 1. Workers with a harmonious passion were much more psychologically adjusted at work and in general than the obsessive and non-passionate workers. In addition, in line with Study 1, it appeared that expressing a passion under one form or another is important. Indeed, those workers with no passion toward work showed lower levels of psychological adjustment at work and in general than the two groups of passionate workers. In addition, harmonious and obsessive workers' basic psychological needs were more satisfied than workers who had no passion for their job. Furthermore, employees with an obsessive passion experienced less autonomy, competence and relatedness than their harmonious counterparts. However, this difference did not reach significance. In sum, workers with a harmonious passion had higher levels of need satisfaction at work and general psychological adjustment than workers with an obsessive passion or those without any passion toward work. Finally, workers with an obsessive passion fared better on all measures than those without any passion.

A path analysis was then conducted to test the proposed model. In general, results supported our hypotheses. Harmonious passion positively predicted need satisfaction in the workplace (however, obsessive passion proved unrelated to this measure). Greater need satisfaction at Time 1

then predicted healthier psychological adjustment at work at Time 2, which in turn was associated with higher levels of global psychological adjustment in life, even after controlling for psychological adjustment at Time 1. Finally, obsessive passion directly and negatively predicted psychological adjustment at Time 2. Thus having a harmonious passion toward work is associated with feelings of autonomy, competence, and relatedness in the workplace, whereas an obsessive passion is not. Moreover, psychological need satisfaction and psychological adjustment at work successfully mediated the relationship between harmonious passion and global psychological adjustment. In sum, the link between passion and psychological adjustment has been replicated in a prospective design and need satisfaction was found to represent a crucial mediator of this relationship. It would thus appear that harmonious passion toward work is associated with positive psychological consequences, both at work and in life in general, whereas endorsing an obsessive passion is not.

On the Long-Term Consequences of Passion on Psychological Adjustment

Previous research has shown that the concept of passion is applicable to work and that in fact, harmonious and obsessive passions have different and somewhat opposite effects on workers' psychological adjustment. One interesting and important question becomes, "What happens when our passionate activity is no longer available?" More specifically, what happens to passionate workers when they retire? Do passionate workers adjust better psychologically after retirement than non passionate workers and if so, do harmonious workers fare better than obsessive workers? The following study (Houlfort et al., 2003a, Study 3) addressed the above questions. Based on our conceptualization of passion and findings obtained to date, we expected workers who had a harmonious passion toward work during their careers to adjust better to retirement than those with an obsessive passion or no passion. This is because harmonious passion allows workers to experience feelings of competence, autonomy, and relatedness, in other words to be more fulfilled during their career, and thus to have the desire to fulfill these needs in other activities during retirement. In addition, because harmonious passion is characterized by a flexible type of persistence toward the activity (Vallerand et al., in press), it should be relatively easy for these types of workers to move on to something else after retirement. On the other hand, workers with an obsessive passion should have a problem adjusting to retirement because they have negated their own needs during their whole working career. They should therefore have a tough time being in tune with those needs at retirement. Furthermore,

because obsessive passion is characterized by a rigid persistence toward the activity, workers with an obsessive passion should have a difficult time letting go of their work and should not adjust well to retirement.

Participants were retirees from various types of jobs similar to those in our other studies. They were asked to rate retrospectively their level of passion toward their past work and their psychological need satisfaction as a worker. They were also asked to assess their current psychological adjustment to retirement. Overall, results on the means of the various variables indicated that the harmonious group fared the best, followed by the non passionate group, and finally the obsessive group. Comparing the harmonious and obsessive workers, those with a harmonious passion toward their job adjusted better psychologically to retirement. They felt less anxious and depressed and experienced more vitality in their retirement. However, non passionate workers, although midway between the two passionate groups, were not significantly different from harmonious and obsessive workers. Finally, results from the path analysis confirmed our hypotheses. Having a harmonious passion at work facilitated need satisfaction, while obsessive passion thwarted the satisfaction of the basic psychological needs in the workplace. In turn, need satisfaction at work was positively associated with enhanced psychological adjustment in retirement. Obsessive passion was again found to be directly and negatively related to adaptation to retirement.

The present findings provide support for our hypotheses: harmonious passion seems to facilitate, while obsessive passion seems to hinder, adjustment to retirement and such influence of passion is mediated by workers' feelings of autonomy, competence and relatedness that take place in the workplace. It would thus appear that having an obsessive passion at work means that the worker can't control his urge to work and that he can't live without his work. Hence, adjustment problems in retirement are expected. These results are in line with those obtained previously (e.g., Ratelle et al., in press; Vallerand et al., in press, Study 1) which showed that individuals with an obsessive passion end up suffering when they are prevented from engaging in their passionate activity. On the other hand, workers with a harmonious passion, although completely taken by their job, still manage to control their need to work, and their job ends up being in harmony with the other activities in their life. Not surprisingly, when the passionate activity is no longer available, harmonious workers show little distress. Finally, a word of caution is in order. Although our results are in line with our model that posits that passion at work influences psychological adjustment, no experimental designs were used and inferences of causality are premature. Furthermore, the possibility exists that there is also a bidirectional causal relation between passion psychological adjustment. Passion may lead to

psychological adjustment, which in turn influences passion, and so on. Future research is needed to explore this possibility.

On the Development of Passion in Organizations

Our conceptualization on passion posits that passion results from two basic psychological processes: valuation of the enjoyable activity (the extent to which an activity is highly valued and meaningful for someone) and the internalization of the activity in one's identity. Thus, a common determinant for harmonious and obsessive passion is the extent to which the enjoyable activity is highly valued and meaningful. This valuation process will ensure that the activity is internalized in the person's identity. On the other hand, the type of passion that will develop depends on how the activity will be internalized in the person's identity. To the extent that the internalization is done in an autonomous fashion, then a harmonious passion will develop. However, if the internalization is carried out in a controlled fashion, an obsessive passion will develop. It is further proposed that the type of internalization process that will take place depends on two major factors: personality and social factors. A personality factor that can influence the internalization process is the internalization style of the person (e.g., Guay, Mageau, & Vallerand, in press). The internalization style refers to the person's tendency to internalize values and reasons for engaging in activities. The Global Motivation Scale (Guay et al., in press) is an instrument that assesses such a tendency. Given a similar high level of activity valuation, people with a tendency to internalize activities in their identity in an autonomous way should develop a harmonious passion, while those with a controlled internalization style should develop an obsessive passion. Recent research by Vallerand, Mageau et al. (2003, Study 1) supports this hypothesis as they showed that valuation of the activity coupled with an autonomous internalization style predicted harmonious passion, while a controlled style coupled with valuation of the activity led to an obsessive passion. These findings were replicated in a study in sport settings by Rousseau et al. (2003).

In another study (Vallerand, Mageau et al., 2003, Study 2), the role of social factors in the development of passion was explored. In this study, it was found that parents can play an important role in the development of passion toward music in their children. It was found that changes in children's passion toward music over five months were positively predicted by both their valuation of music and parental behavior. To the extent that children valued music, controlling parental behavior that coerced children to engage in it, led to the development of an obsessive passion toward music. On the other hand, music valuation coupled with an autonomy-sup-

portive parental behavior where children were allowed freedom with respect to their engagement and practice of music led to increases in harmonious passion over time. Thus, social factors clearly play an important role in the development of passion.

If social factors can influence the internalization process and therefore help determine the type of passion that will develop, then it is likely that organizations can promote the development of workers' passion toward their work by the social factors that they encourage. Knowing the adaptive outcomes engendered by nurturing harmonious passion, it would be important to identify which organizational factors can further the development of this type of passion among workers. One such factor seems to be organizational support. Organizational support refers to the extent to which employees perceive that the organization values workers' contributions and cares about their well-being (Eisenberger, Huntington, Hutchinson, & Sowa, 1986). In a recent meta-analysis, Rhoades and Eisenberger (2002) found that perceived organizational support had positive effects on employee's job satisfaction and positive mood. In addition, these authors found that perceived organizational support led to positive consequences for the organization as well. For example, it led to higher commitment and higher levels of performance at work.

Thus, it can be hypothesized that companies that value their employees' work within the organization and make a maximum effort to provide employees with a healthy, flexible, and secure working environment, one where their opinion is valued, will create conditions that facilitate the development of harmonious passion. A recent study of ours (Houlfort et al., 2003b) supported this hypothesis. Results from a path analysis revealed that organizational support and work valuation both positively predicted harmonious passion. However, only work valuation predicted obsessive passion. Organizational support proved to be unrelated to obsessive passion. We also replicated the findings of previous studies in that harmonious and obsessive passion positively and negatively predicted the satisfaction of the competence and autonomy needs, respectively, that in turn led to higher levels of psychological adjustment.

In sum, organizational support seems to foster an autonomy-supportive context (Grolnick & Ryan, 1989) that allows individuals to internalize the activity in their identity in an autonomous fashion. Hence, organizations that value their workers' contribution and care about them facilitate the development of a harmonious type passion toward work that should translate into psychological adjustment gains for the employees. This would appear to represent an interesting direction for future research. We now turn to this issue.

FUTURE DIRECTIONS

The purpose of the present chapter was to present a new conceptualization on passion and show its applicability to the realm of work and organizations. In this chapter, we have reviewed several studies, including some in organizations, which provide support for the proposed approach on passion. Below, we present certain directions for future research in organizations.

On the Concept of Passion in Organizations

Results from research in organizations presented in this chapter have provided support for the concept of passion on a number of points. First, results from factor analyses revealed the presence of two factors corresponding to obsessive and harmonious passion. Second, it has been found that a majority of workers do experience a passion at work, making the concept relevant for a better understanding of various phenomena that may take place in the workplace. Third, results with outcomes have shown that, as expected, harmonious passion is implicated in a process that facilitates the experience of psychological adjustment at work and psychological adjustment in general, whereas the opposite seems to be true for obsessive passion. Further, such effects may even influence how healthy and adaptive one's retirement will be. Thus, overall, these findings provide strong support for the concept of passion as proposed herein. It does appear that there are two types of passion that characterize the way work has been internalized in the person's identity: one where the activity controls the person (obsessive passion) and the other where the person controls the activity (harmonious passion). Furthermore, these two types of passion are associated differently with various outcomes.

While these preliminary findings are indeed encouraging, additional research is necessary in order to demonstrate empirically the distinction between the concept of passion and others such as commitment (e.g., Meyer, Allen, & Smith, 1993), involvement (e.g., Kanungo & Misra, 1988), and workaholism (e.g., Bonebright, Clay, & Ankenman, 2000; Spence & Robbins, 1992). We have mentioned previously that a major distinction between passion and workaholism is that passionate workers like their work, while workaholics may not. However, recent research by Bonebright et al. (2000) has made the picture somewhat more complex by comparing three groups: nonenthusiastic workaholics, enthusiastic workaholics, and non workaholics. They found that nonenthusiastic workaholics report lower levels of life satisfaction but higher levels of work/family conflict than the non workaholics. However, the enthusiastic workaholics reported higher levels of life satisfaction than the other two groups, but more work/

family conflict than the non workaholics. While some similarities seem to exist with the three groups created by Bonebright et al. (2000) and those of nonpassionate and obsessive and harmonious passionate workers, important differences still seem to exist as, for instance, in line with Vallerand, Blanchard et al. (in press, Study 1) harmonious passionate workers would be expected to have lower levels of conflict than non passionate workers. Because of the potential insights that would be derived from comparing the passion concepts to other concepts such as workaholism, future research on this issue is strongly recommended.

On Affect at Work

Our position on passion predicts that harmonious passion should lead to the experience of positive affect and the absence of negative affect both during and after a day's work. The opposite prediction is made with respect to obsessive passion. While these predictions have been upheld in several of our studies outside the realm of work, no research has been conducted on this issue in organizations. We did find in the study on retirement that harmonious passion was positively related to work satisfaction while obsessive passion was negatively related to it. However, work satisfaction differs considerably from full-fledged emotions and moods. Thus, there is a great need to look at the relations between affect and passion at work. But what about when workers are not at work and are doing other activities? How should they feel then? Well, we would submit that it would depend on the type of passion they have toward work. Past research reveals that when people are prevented from engaging in their passionate activity, those with a harmonious passion do very well while those with an obsessive passion end up suffering (Vallerand, Blanchard et al., in press, Study 1). Research presented in this chapter on retirement would tend to support this hypothesis in the realm of work (Houlfort et al., 2003a, Study 2). It would be interesting to test these hypotheses more directly by using diary studies and comparing instances when people are at work and when they are not and testing differences using Hierarchical Linear Modeling (Bryk & Raudenbush, 1992).

Another issue involving affect deals with its contribution to psychological adjustment. Vallerand et al. (in press, Study 2) have shown that harmonious passion seems to contribute to a spillover effect as it leads to changes in general positive affect experienced over time even when the person is not directly engaged in the activity. Conversely, obsessive passion leads to changes in general negative affect over time experienced outside the purview of the activity. Rousseau and Vallerand (2003) showed that harmonious passion contributes to the cumulative experience of positive affect

experienced during task engagement that in turn facilitates psychological adjustment. In line with the work of Rousseau and Vallerand (2003), we need to know how affect experienced at work contributes to long term psychological adjustment.

On Work-Family Conflict

One hypothesis from our model on passion is that having an obsessive passion toward an activity should lead to conflict with other life activities. On the other hand, harmonious passion should not lead to such problems. We believe that this hypothesis has some implications for work-family conflict (e.g., Duxbury, Higgins, & Lee, 1994). Indeed, one would suggest that workers with an obsessive passion toward work would experience much more work-family conflict than those with a harmonious passion. Although we have not conducted a study on this specific topic, we nevertheless have studied the conflict issue. One activity that appears to conflict with family and the quality of romantic life is the use of the Internet. Indeed, recent research (e.g., Kraut et al., 1998) reveals that greater use of the Internet leads to declines in communication within family members in the household. It may then be hypothesized that engaging in the Internet leads to negative consequences for the dyadic relationship. However, this should be especially the case for people with an Obsessive passion.

We recently conducted a study in order to test this idea (Séguin-Lévesque, Laliberté, Pelletier, Vallerand, & Blanchard, in press). In this study, male and female adults who were engaged in a couple relationship for some time (M = 7 years) completed The Passion Scale for the Internet and other scales including perceptions of dyadic conflict and adjustment. Results from a path analysis revealed that having an obsessive passion toward the Internet was positively related to experiencing conflict with their spouse and experiencing less dyadic adjustment. On the other hand, the relationship was not significant with harmonious passion. It would thus appear that engaging in an interesting activity out of obsessive passion may indeed create conflict with family life. However, such is not the case with harmonious passion. Future research testing this hypothesis with respect to work-family conflict would appear fruitful.

On Turnover, Health, and Performance

The proposed approach on passion posits that both harmonious and obsessive passions can lead to high levels of persistence. This is especially the case when activity engagement leads to some positive benefits. How-

ever, a major difference is expected when persistence in the passionate activity can lead to negative outcomes. Harmonious passion is hypothesized to lead to disengagement, while obsessive passion is expected to lead to continued engagement. Thus, because harmonious passion refers to an autonomous form of inclusion of the activity in the identity where the person is in control of the activity, persistence can cease when positive returns are no longer possible. On the other hand, because obsessive passion refers to a controlled form of internalization where the activity controls the person, rigid persistence is predicted to take place. Results from the Vallerand et al. (in press, Studies 3 and 4) on winter cycling and gambling support this hypothesis.

The above findings have important implications for turnover in organizations. Work turnover certainly represents one of the most important issues for any organization (Richer, Blanchard, & Vallerand, 2002). Indeed, the money and time invested in hiring and training an individual who subsequently leaves the organization is lost forever. In addition, such costs are significant and increase as we move up the organizational hierarchy. Based on our research and theorizing on passion, it would be predicted in general that both harmonious and obsessive passionate workers would display less turnover behavior than non passionate workers. However, obsessive passionate workers should engage in less turnover than workers who are harmonious about their work, especially if the conditions are not positive in the organization. While such a high level of persistence from the obsessive passionate workers may appear profitable for the organization, one is reminded that high-level persistence at any cost is typically associated with physical and emotional health problems (Koeske & Kelly, 1995; Raedeke, Granzyk, & Warren, 2000). Therefore, the high-level persistence of the obsessive passionate workers may come at a high cost both for the person and the organization. Research on this issue would appear in order as it could lead to important theoretical and applied benefits.

A final issue related to persistence is that of performance. In our review of research on passion, we have shown that both types of passion facilitate performance through their impact on deliberate practice (Vallerand, Salvy et al., 2003). However, such research was limited in scope as it spanned only 6 months at the most. What about careers where it takes several years to reach excellence? Our research on persistence tends to suggest that workers with an obsessive passion toward work may persist more especially if conditions are difficult. Such persistence, in turn, could lead to higher levels of performance. However, Vallerand, Salvy et al. (2003, Study 3) also demonstrated that obsessive passion can have negative effects on performance through their relationship with performance-avoidance goals. Thus, the role of obsessive passion in long-term high level performance is not clear at this point and deserves empirical scrutiny.

On the Development of Passion in Organizations

Our research on passion in organizations has revealed that passion matters greatly. Indeed, it has been shown that harmonious passion leads to a host of benefits for the worker that even extend to retirement. It would thus appear important for organizations to facilitate the development of this type of passion. There are at least two ways to make sure that workers display a certain characteristic in an organization: personnel selection and organizational interventions. In terms of selection, people who greatly value their work and who display an autonomous internalization style as indexed by the Global Motivation Scale (Guay et al., in press; see also the General Causality Orientations Scale, for a similar instrument; Deci & Ryan, 1985) could be selected as they should display a harmonious passion at work. A more direct approach would be to directly select people who display a harmonious passion toward their work. To the extent that the job that they will be hired to perform is similar to the original one, chances are that harmonious passion will generalize to this new line of work.

However, we would like to submit that selection by itself may not ensure that workers will continue to display harmonious passion for at least two reasons. First, although workers may display harmonious passion at organizational entry, if no effort is made by the organization to support its employees, then at some point harmonious passion may diminish (see Houlfort et al., 2003b). And second, much research in social psychology reveals that powerful social forces can override personality factors (Snyder & Cantor, 1998). Thus, creating a working environment where conditions facilitate the maintenance of a harmonious passion needs to be used in synergy with selection procedures to ensure that workers display a harmonious passion toward work on a prolonged basis.

How can organizations best promote harmonious passion? Our conceptualization on passion posits that there are two factors that facilitate harmonious passion, namely activity valuation and the autonomous internalization of the activity into one's identity. Both need to be nurtured for passion to flourish. Regarding job valuation, research suggests that creating conditions where workers feel that their job is important and that they contribute to the organization should promote job valuation (Deci et al., 1994). Thus, to the extent that the organization provides genuine positive feedback regarding a worker's contribution to the organization, job valuation should be facilitated. Other factors can also facilitate the emergence of the second factor, namely the type of internalization process that will take place. We've shown in the Houlfort et al. (2003b) study that providing organizational support does promote harmonious passion presumably by facilitating an autonomous internalization process. Creating conditions where workers derive a sense of ownership regarding decisions

and actions concerning their job should also nurture harmonious passion through its positive effects on the autonomous internalization process. Thus, conditions that nurture job valuation and an autonomous internalization (and consequently harmonious passion), can be implemented.

On the other hand, certain factors should be used with care. For instance, almost every organization has a reward system, whether it is performance-based or based on experience and seniority. Recent research (Houlfort, Koestner, Joussemet, & Taylor, 2002) has shown that performance-contingent rewards reduce employees' feelings of autonomy. Hence we would suggest that such a reward system would thwart the autonomous internalization of work into one's identity and thus prevent employees from developing a harmonious passion. In fact, reward systems that are performance-contingent may facilitate the development of an obsessive passion toward work or event thwart the development of passion altogether. Other types of reward systems based on experience or seniority may be less damaging.

CONCLUSION

In this chapter, we have proposed a new conceptualization of passion that would appear to contribute to a better understanding of some organizational outcomes. People can value their jobs, spend long hours on it, and still love it. While not all workers are passionate about their jobs, it appears that a majority is. Furthermore, two types of passion are proposed: harmonious and obsessive passion. We have seen that these two types of passion matter greatly for organizations. Results from our own studies (Houlfort et al., 2003a, b) revealed that passion seems to influence workers' psychological adjustment at work and in life in general and have effects that would appear to extend to retirement. Future research could even demonstrate that they extend to the effects experienced when workers encounter unemployment. Finally, it has been shown that it is possible to foster harmonious passion at work by providing organizational support.

Work represents a significant part of our lives. To the extent that we value it, that we like it, and that we devote significant time and energy to it, we will develop a passion toward it. Depending on the type of passion involved, however, such outcomes may be adaptive or maladaptive. It would thus appear that the concept of passion can lead to a better understanding of the psychological processes occurring in organizations.

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NOTES

1. Deci and Ryan (1985, 2000) propose that values and regulations related to activities that are not interesting can be internalized in the self. When the internalization is autonomous in nature and is coherent with other aspects of the self, the regulation is termed integrated. With integrated regulation, the activity is engaged in out of a very high level of choice and can lead to adaptive outcomes. However, the activity still remains uninteresting and thus the phenomenological experience is different from that associated with passion.
2. Groups were created in the following fashion. Participants who scored 4 and above (on a 7-point scale) on the three passion criteria (liking the task, valuing it, and spending time on it) were considered passionate about the activity, while the others were considered not expressing a passion toward the activity. Passionate individuals were further separated into a harmonious and an obsessive passion group as a function of their score on the two passion subscales. Subscale scores were transformed into z-scores. Individuals with a harmonious passion subscale score greater than the score on the obsessive passion subscale were part of the harmonious passion group while those with a greater obsessive passion subscale score greater than the harmonious passion score were part of the obsessive passion group.

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CHAPTER 8

EMOTIONAL DISPLAYS AND SOCIAL IDENTITY

Emotional Investment in Organizations

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ABSTRACT

Emotions are internal physiological events with somewhat predictable social consequences. The functions of the internal experience of emotion are generally to signal motive readiness with respect to observed events and their appraised importance to motives, including motives associated with values. In this chapter we will describe a model of emotive responding to value-relevant organizational events, and the inferences regarding motive that can be drawn depending on the nature of the emotions displayed. We will distinguish between emotional displays that signal conformity to group expectations and those that signal self-determined values. Implications will be drawn for organizational theory and practice.

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INTRODUCTION

Values and emotions are deeply entwined. Intuitively, most of us understand that our strongest emotions are often the consequences of events that have affected our most deeply held values. For example, when we read in the news that the CEO of our company has been indicted for fraud, we respond with alarm, anger, and perhaps some shame or sadness. When we hear that a figure whom we identify as a flag-bearer for a cause we champion succeeds in an important endeavor, we feel joy, and perhaps some pride. Organizational life involves such predictable emotional consequences of value-laden events. In this chapter, we will show how critical organizational values may be communicated by emotional displays.

Clearly, both values and emotions are important aspects of organizational life. In a recent book, Pauchant refers to the interest in values and spirituality at work as a "new gold rush" in many organizations (Pauchant, 2003, p. vii). Similarly, the interest in emotions in the work place has spawned a host of research and discussion during the past several years (see Ashkanasy, Zerbe, & Hartel, 2002). Based on the popularity of these two conceptual realms, it is likely that they do have importance to organizational decision makers and that a more thorough understanding of their relationship will advance understanding and practice in work organizations and elsewhere.

In this chapter, we will discuss the general and particular characteristics of value laden events in organizations, people's emotional responses to them, and what these emotional responses may, in turn, communicate about values underlying expressed emotions. We will discuss both "basic" emotions (e.g., joy, anger, sadness, fear) and so-called self-conscious emotions (esp. pride-shame, redemption-guilt, and altruism-defection) as they relate to the culture of organizations and the cultural background of the individual. Social Identity Theory (Hogg & Terry, 2001), Self Determination Theory (Deci & Ryan, 1985, 2002), Affective Events Theory (Weiss & Cropanzano, 1996), and an Emotive Perception model (Jones & Rittman, 2002) will be used to inform our discussion. Although much of our discussion is speculative, implications will be drawn for interpersonal relations in and around organizations.

We suggest emotions commonly occur at the intersection of organizational culture and individual values. We will argue that people's basic emotional responses are the results of appraisals of the congruence of organizational events with their own values. Also, responses to organizational value-laden events and others' values-based emotional responses may result in self-conscious emotions, aimed primarily at communicating group membership and conformity, rather than deeply held values.

Before moving forward, and given the variety of definitions of values in this volume, we will discuss the definition of values we will use in this discussion. Our fairly comprehensive definition of values comes from Rokeach (Mayton, Ball-Rokeach, & Loges, 1994) and Tyler's (2001): Values are guiding principles that one conceives to be important to one's life. Values are an integral part of the self and important determinants of attitudes and behaviors. Events that occur around us are often evaluated in terms of whether they forward or block our values. Values can be thought of as fundamental aspects of long-term motivation (Klinger, 1975; Little, 1989).

SOCIAL CATEGORIZATION AND DEPERSONALIZATION

In order to understand emotional responses to value-laden events in organizations, it is first necessary to review theories that discuss values-based behavior in organizations. In the common parlance, people who are committed to their work and organizations are referred to as "emotionally invested." This sort of emotional investment can be seen from two points of view, both of which deal with issues of value congruence between individual and organization.

First, Social Identity Theory (Tajfel & Turner, 1986; Hogg & Terry, 2001) refers to "depersonalization"—the suborning of one's self or identity into a group social categorization. In effect, being depersonalized in this sense means no longer needing to individually define one's own values or goals explicitly, but being able instead to simply make reference to one's group membership. In this situation, according to Social Identity Theory, individuals do not need to think deeply about their values; instead, they can refer to the fact that they are member of a certain organization or group. The values and goals of this group are likely to be seen by others, and by oneself, as one's own. However, because the individual no longer defines their own values or goals explicitly, but simply refers to group membership to define values, the values may not be fully internalized in the self. Instead, the person could feel depersonalized from their own values, and perceive them more as the values of the organizations or groups with which they identify.

From the point of view of organizational decision makers, this sort of emotional investment or its absence may have both positive and negative connotations. Being committed to one's work and organization has been empirically associated with reductions in turnover and dysfunctional behaviors (Bishop & Scott, 2000; Meyer & Allen, 1997) and increases in good citizenship (LePine, Erez, & Johnson, 2002). On the other hand, the definition of social identity commonly involves the identification of an out group that is the object of negative stereotyping and potential maltreatment (Hogg &

Terry, 2001), with obvious potential for exclusion and problems of overly-homogeneous work groups and organizations. Also, when unethical organizational behaviors follow from certain real or perceived values (e.g., profitability at any cost) obvious problems arise (Brief, Buttram, & Dukerich, 2001). Finally, if an individual organizational member does not share some organizational values, there may be important consequences other than just lack of commitment, including dissonance in individual self-views, increases in creativity, efforts at organizational change, and distortion of others' views by stereotyping based on organizational membership. These and other potentially important outcomes of depersonalization (or lack thereof) have led a group of researchers to try to understand how and under what circumstances these important positive and negative consequences of social categorization occur.

Another perspective on commitment to one's organization or group can be derived from self-determination theory (SDT) (Deci & Ryan, 2002). As in Social Identity Theory, identification with organizational values signifies that the person is making organizational values their own; but this ownership of the values is understood differently. In the language of SDT, when individuals identify with the values of an organization or a group, they are said to be self-determined. That is, they are endorsing those values freely and voluntarily. According to SDT, individuals could be committed to the organization for different reasons, according to their underlying level of self-determination. At the lowest level of self-determination, individuals could behave in a manner consistent with organizational values because they don't want to loose their job. In this case, they would be externally motivated toward the organization. Their commitment to the organization would be non-self-determined or non-volitional. At the next level of self-determination, individuals could do things for the organizations because they would feel guilty otherwise. They would behave out of introjected reasons. Again, at this level, individuals would not freely endorse the values of the organization. However, at the highest level of self-determination, the identification level, individuals would behave in a manner consistent with the organization values because the values would have been fully internalized within the self (Baard, 2002; Kasser, 2002).

What is different in this perspective is that, when people are motivated to behave out of identification, they are said to be self-determined with regard to their behavior. The values of the organization would be consistent with individuals' values and not simply the values of the organization or group they belong to. Individuals would not feel depersonalized in their commitment toward the organization but rather would feel that the values of the organization are part of their individual values. Individuals would still need to define their own values and goals, and would not be suborning

self identity to the organization or social group; rather, the organization would be part of the person's value system.

Consistent with findings regarding positive outcomes associated with commitment, studies examining self-determination theory in various domains, including work organizations, have shown that greater participation, support for individual initiative, and open communication follow when workers feel self-determined, that is, when they fully share and endorse the values of the organization (Deci, Connell, & Ryan, 1989; Deci & Ryan, 1985, 2000; Kasser, 2002). We will return to this distinction between depersonalization and self determination later, in our discussion of basic versus self-conscious emotions and individual differences in value structures.

We will now discuss ways that emotions signal group membership, how and what emotions result from decisions about group membership, how emotional norms (commonly called display rules) associated with organizations and with broader cultures may affect decisions about group membership, and how characteristics of the individual and organization are associated with culture and values "fit."

EMOTIONS AND AFFECT

Emotions are distinguishable from other affective states largely because of their episodic nature (Weiss & Cropanzano, 1996). Moods and affective dispositions (esp. attitudes) tend not to be related to specific events, but are associated instead with energic arousal (in the case of moods; Thayer, 1995) and evaluative judgments (in the case of attitudes; Brief, 1998). Emotions, on the other hand, involve physiologically-based responses to specific environmental events (Weiss & Cropanzano, 1996; Frijda, 1993). In this chapter, we will be concerned primarily with emotions, though other forms of affect will be discussed.

Appraisal theories of emotion (see Lazarus, 1968; Scherer, 1997) assume that people experience emotions after deciding (consciously or automatically) whether an event has relevance to their particular motives. In a recent elaboration on appraisal theories (Jones & Rittman, 2002), we have argued that observers may infer others' motives from the emotional displays that may follow from emotional experiences. This emotive perception model is fairly straightforward, and is elaborated next.

EMOTIONAL EXPERIENCE

Early theories of emotions took into account the notion that emotions are responses to perceptions of external events as they relate to individual

motives (Briner & Totterdell, 2002). Specifically, when we think we are approaching something noxious, we experience fear and loathing; when we see this same noxious outcome receding, we experience relief. On the other hand, when something desirable looks likely to occur, we experience excitement or other "pleasant" emotions; being blocked from desirable outcomes generally leads to anger and frustration. So, appraisal theories involve a decision about whether we are approaching or avoiding something in the environment that is either seen as noxious (negatively valent) or pleasurable (positively valent).

This analysis, while intuitively accurate and supported by some research is, in our view, inadequate. Two questions are begged: First, what happens *after* a motive-relevant outcome has occurred, versus when we are approaching or avoiding it? Intuitively, it seems that people experience emotions here, too. For example, after landing, skydivers often experience relief. After the death of a loved one, people commonly experience sadness and other dysphoric emotions. After accomplishing something important, people commonly experience joy, and when one is deprived of the opportunity to accomplish something desirable (e.g., a jilted lover) one may experience sadness or anger.

Our answer to this question is to suggest that, prior to the achievement of something desired or the avoidance of something noxious, we tend to experience emotions as active, "readiness" states (Lang, 1995). That is, emotions signal arousals that help prepare us to deal actively with getting what we want or avoiding what we would like to avoid. After desires have

	Active (pre-outcome)	Passive (post-outcome)
Noxious outcome	Approaching: fear, disgust	Outcome occurred: sadness, resignation, sympathy
	Receding/blocked: watchfulness	Outcome avoided: relief, giddiness
Desirable outcome	Approaching: excitement, anticipation, restlessness	Outcome occured: joy, delight, pride
	Receding/blocked: watchfulness	Outcome missed: sadness, disgust, shame, guilt

Figure 8.1. An emotion-motive appraisal taxonomy.

been achieved or fears avoided, emotions signal "relief" of stress; if desires are irretrievably thwarted or fears realized, emotions signal "resignation." In both relief and resignation, emotions play a more passive role. These relationships are depicted in Figure 8.1.

WHY DISPLAYS?

A second gap in appraisal theories relates to the linking of experienced emotions with displayed emotions. Following a functionalist analysis, we ask what reason there is for using facial expressions (and other nonverbal behaviors) to show others our feelings? What is the purpose of displaying emotions? In a recent review of literature on facial recognition of emotion, Elfenbein and her colleagues (Elfenbein, Marsh, & Ambady, 2002) argue that the ability to use emotional displays to understand our social environment has positive social consequences. Beyond simply recognizing and distinguishing among emotional displays, it is the inferences we draw from these displays that leads to (in)effectiveness in social situations and organizations. In the following section, an explanation for how people use emotional display information to understand and communicate motive is offered as an answer to this question.

Emotive Perception

Figure 8.2 is offered as a description of how emotions relate to individual goals and appraisals, as well as a description of how emotions arise as a func-

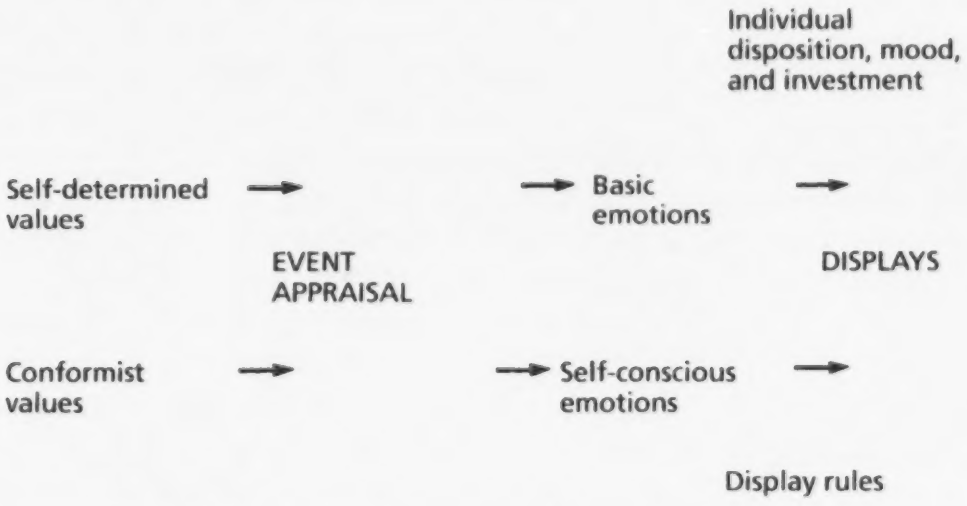

Figure 8.2. A model of values and emotions in organizations.

tion of organizational values. The upper part of the figure shows what has been described so far by appraisal theories and our elaboration on them. However, to understand how emotive perception signals group membership in organizations, we need to first understand how emotions are used as means for communicating motive. We turn to this general aspect of the emotive perception model first, before moving to the differences between basic and self-conscious emotions in Figure 8.2.

Inferring Motive from Display

We argue that people use displayed emotions as a means for communicating (in the case of actors) and inferring (in the case of observers) likely motives in a given situation. Figure 8.3 describes this notion. First, observers generally use others' emotional displays to infer motives in a given situation. Second, the accuracy of these inferences about motive in a situation is a function of situational complexity and observer expertise about the situation or task, and about the actor.

Some initial research supports the first of these notions, that people use emotions to infer motives (Jones & Chomiak, 2001). Targets' effort levels were manipulated prior to doing a simple task and self-reports of the emotions they experienced gathered. Observers' ratings of target effort were quite accurate, emotions observed were accurate, and emotions observed were highly predictive of effort ratings.

So, following from the emotive perception model, people use emotional displays as a means for inferring motives. Given this social function of emotional displays, the concepts of integrating and differentiating emotions (Wharton & Erickson, 1993) are expanded in the model to understand the types of emotions that people will display when they want to signal group membership. Integrating emotional displays are aimed at signaling inclusion

Figure 8.3. Perceivers' use of emotion displayed to infer motive.

in a group, while differentiating emotional displays signal the opposite. For example, if a member of my organization has failed to achieve an important outcome, I may experience emotions similar to this target person (i.e., frustration, anger, sadness) if I share their values and identify myself as a member of their group. In fact, if I display such emotions in this case, the model describes this as my communicating "motive sharing" (and possibly "values sharing"), and that I therefore see myself as a member of the target person's group.

Conversely, I may experience no emotions or emotions that communicate that I do not see myself as a member of this person's social group (i.e., if I display glee, or other pleasure-like emotions), or as sharing their motives. This sort of "differentiating" through emotional display is likely to be met with very different responses from the target than the emotional displays signaling group membership.

The emotive perception model thus posits emotional displays as means for communicating motive sharing between people. Assuming that values closely relate to motives, then, emotions are a means for signaling shared values and shared group membership.

Expertise and emotive perception. Ongoing research is also looking at observer expertise and situational complexity. Specifically, the emotive perception model suggests that observers with particular knowledge of situational contingencies (i.e., situational experts) and of actors (i.e., familiarity) will make more accurate inferences about target motivations from target emotional displays. For example, in an assessment center, experienced managers are more likely than inexperienced supervisors to correctly infer career motivations from an assessee's emotional responses to the exercise situation. Similarly, personality research has shown that familiarity with a person tends to increase the similarity of self-other personality ratings. There is no direct evidence regarding this sort of expertise effect on accuracy of emotive perception at this time.

SELF-DETERMINING VERSUS SOCIALLY-IDENTIFIED EMOTIONS

The emotive perception model has largely been used to describe basic emotions (anger, fear, pleasure, sadness, disgust) rather than so-called "self conscious" emotions (pride, shame, guilt, pity). Our comparison of SDT and SIT propositions suggests some good reasons to separate these two classes of emotional responses, as depicted in Figure 8.2. To understand this separation, we ask how self-conscious emotions might communicate a different sort of motive sharing than basic emotions.

We suggest that some people have thoughtfully and consciously considered organizational values; that is, they are self-governing with respect to a value set. Others, on the other hand, are what might be called "joiners;" that is, they join groups that appear to have values congruent with their own, without careful consideration of what their own values might be. For example, people who accept their families' values without much questioning might be thought of as lower on self-determination. Instead of basing group membership on careful consideration of their own values, people low in self-determination base group membership more on conformity, and we will refer to them, accordingly, as conformists. While both self determination and conformism can be thought of as forms of commitment to the organization (what is referred to as depersonalization in social identity theory), conformity implies an uncertain values basis for membership, while self determination implies the internalization of organizational values.

Self-conscious emotions are considered "introjected" reasons for behaving in the self-determination theory framework (SDT). Although self-conscious emotions are associated with group motives, if people only behave out of guilt, pride and pity, they are going to do things for the organization in a non self-determined way. That is, self-conscious emotions do signal group membership, but only because the individual feels conformity pressure to behave in a certain manner—not because they necessarily share organizational values.

SELF-CONSCIOUS EMOTIONS DISPLAYED

While all emotions may signal something about individual motives, self-conscious emotions (e.g., guilt, shame, pride) signal something about group motives—particularly about the dominance and submission of people in a given social category with respect to either their own group or some other social group. We believe that self-conscious emotions such as guilt, shame, and pride are experienced in situations in which organizational values are not fully internalized in individuals' value system. Self-conscious emotions arise in situations in which individuals feel pressured, or obligated to behave in a certain way, in order to retain group membership or status. To the extent that emotions show shared group membership (esp. shared basic emotions in the same circumstance), individuals may assume, through depersonalization, shared values. When people, for whatever reason, do not display the same self-conscious emotions under the same or similar circumstances, shared values may not be assumed. But, given self-conscious emotions only, conformity may be a primary

source of the emotion displayed, rather than internalized or "self-determined" values.

On the other hand, if people are self-determined in a work organization, they are also going to possess a set of shared values with the organization. Such people would behave out of "internalized" social identification with the organization's values. That is, they would feel part of the organization and they would value the organizational system themselves. They would individually choose to get involved in the organization and do things as part of the organization as opposed to behaving out of obligation to do certain things as a condition of their group membership. Consequently, certain basic emotions might be experienced and displayed by people who are self-determining (see Figure 8.2).

An Example

So, our basic assumption with respect to all emotions is that critical organizational values may be communicated by emotional displays. Here are a few illustrations using an impending merger as an example. First, managers may communicate organizational values through context specific emotional displays. When a manager displays the "basic" emotions of anger or anxiety about an impending merger, this may communicate a personal ambition being blocked (anger) or a layoff in the offing (anxiety). Second, employees communicate their conformance/social identification with organizational values through their emotional displays. To employees who are depersonalized into this manager's work group, pride or shame are likely responses to the manager's anger or anxiety. Self-determined employees who feel like an integral part of the work group could also feel emotions such as sadness, sympathy for the manager, and maybe determination and a responsibility to try and improve things for the organization. That is, people who are self-determined would experience certain basic emotions because they share the values of the work group and its manager; they feel personally committed to the organization or the group. The values of the work group would have been challenged and this would be similar to a challenge to personal values, because the person would identify with the organization in a self-determined manner. Employees who are not invested may express personal emotions, such as disgust or pleasure in response to the managers' emotions.

Third, and most distally, emotional display rules (norms) in organizations (Brotheridge & Grandey, 2002) communicate desired values within and around the boundaries of the organization. In our example, given an organization that values "dispassionate" or "objective" appearances when dealing with problems, the manager may mask his anger or anxiety, and the employ-

ees who are invested in the organization (whether or not they are invested in this particular manager's group) mask their pride, shame, anger, or disgust. Paradoxically, only employees who are less invested in the organization will express their emotions, in this example. That is, cultural expectations regarding display rules may mask or enhance the communication of values sharing and conformity in organizations.

Regardless of our specific definitions of values, depersonalization and internalization are ways of describing values concordance. In our analysis, self-conscious emotions signal conformist depersonalization (or lack thereof), while basic emotions signal self-determined values either congruent or incongruent with the organizations'. Consistent with the emotive perception model, it may be that people with shorter tenure in the organization (and therefore less expertise) will have more trouble understanding this emotional language for communicating values. In fact, it may be that early experiences in the organization may create false images about culture (or subculture), but the overall effectiveness of people in the organization may be partly a function of their recognition and use of emotions to communicate their values orientation within the organization. Furthermore, in some organizations, internalization and attendant basic emotions are expected, while self-conscious emotions are considered adequate for others.

CROSSING CULTURES

Emotional displays may not always be especially accurate indications of investment or organizational commitment for several reasons, as well. First, there may be differences at the level of organizational cultures. Following the merger example, it may be that one organization's culture may value "openness" or "honesty," with display rules that allow for more variability of emotional display than another organization. Emotional expressions, both those indicating identification and those indicating greater or less "distancing" from the organization, may be more forthright and clearer for one group than for the other. Members of the organization with display rules that allow for less forthright expression may therefore confuse members of the organization with more expressive norms, leading to some possible misunderstandings.

Also, of interest in our analysis is the problem of broad cultural differences. With a diversifying workforce, there are probable examples of misunderstandings arising from differences in national cultures of origin. For example, smiling may be mistaken for uncertainty by people from certain cultures (Mann, 1999), and the impassivity of some northern European cultures may lead to the sorts of misunderstandings suggested above. For

example the Finnish language has no word for delight or great pleasure, and therefore people from this culture may be less likely to display such emotions under any circumstances. If a person from a culture that expresses great joy expects such an expression when their work group succeeds at overcoming an important obstacle, it may be seen as lack of identification when a member of their group from another culture does not express such emotions. Of course, there is good evidence for such problems of emotional understanding across broad national cultures (see Fischer & Manstead, 1999; Elfenbein et al., 2002).

Finally, as seen in Figure 8.2, individual disposition and mood may affect the type and strength of emotional displays, potentially masking or accentuating values congruence. For example, expressivity (Manstead, 1991) is a reliable individual difference in the tendency to express felt emotions. Similarly, mood may reduce or amplify the display of emotions. Following from Thayer's (1997) analysis, when one is tired (low energic arousal) and stressed (low self-perceived ability to cope), events that otherwise appear only slightly threatening may appear more threatening, leading to an amplified emotional response to an event. High energic arousal (wakefulness) and feeling "resourceful," on the other hand, may lead to attenuated emotional responses to the same event. Thus, both mood and disposition may affect the expression and interpretation of emotion in ways that confound our ability to accurately communicate values.

SUMMARY

This chapter used social identity theory, self-determination theory, and the emotive perception model to explain the meaning and importance of emotions as indicators of values in organizations. When organizational values are internalized, we suggest that basic emotions are likely responses to events that threaten, remove, advance, or realize important organizational values. Paradoxically, other basic emotions may occur when people are not at all invested, and self-conscious emotions occur when people see organizational membership as contingent on conformity to, but not internalization of organizational and work group values. The display of these various sorts of emotions communicates value congruence (or lack thereof) and values internalization (or lack thereof). Differences in organizational display rules and in the cultural backgrounds and personalities of organizational members will have an influence on whether emotional displays are fair indicators of values and value congruence.

As we mentioned early in this chapter, much of what we have said is conjectural, albeit based on sound empirical and theoretical grounds. Much remains to be known about the relationship between emotion and organi-

zational values, including putting the ideas here to the test. Although basing organizational decisions on our analysis would be premature at this point, there are some aspects of the understandings of emotions and emotional displays described here that can be used to inform the current discussions about emotional intelligence, organizational commitment, socialization, conflict, and other important aspects of organizational life.

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